ITEM 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

DALE CARNEGIE

To simplify the language in this offering circular, the following definitions will apply. "Dale Carnegie," "we" or "us" means Dale Carnegie & Associates, Inc., the franchisor. "You" means the individual or the corporation, partnership, or other business entity (collectively, the "business entity") and the business entity's owners, partners or principals, who enter into the Franchise Agreement with Dale Carnegie. The "Business" means the franchised business that you will operate. "Carnegie Programs" (as further defined below) means the Dale Carnegie programs, services, surveys and business activities that you, Dale Carnegie and other Dale Carnegie franchisees offer to the public. The "System" means the proprietary system developed by Dale Carnegie for developing, opening and operating businesses, such as your Business, specializing in the offer, sale and teaching of Carnegie Programs and other related merchandise from and at training centers. The Carnegie System continues to evolve. "Sponsor" means a franchisee that entered into a franchise agreement with Dale Carnegie before the franchise offering made under this offering circular.

Dale Carnegie is a New York corporation incorporated on July 1, 1955. Dale Carnegie does business under the name Dale Carnegie Training and Dale Carnegie & Associates, Inc. Its principal business address is 290 Motor Parkway, Hauppauge, New York 11788 and its telephone number at this address is (631) 415-9300. Dale Carnegie's agents for service of process in the states whose franchise laws require it to name a state agency as agent for service are listed in Exhibit E.

Dale Carnegie operates "Centers of Excellence" in the United States. Dale Carnegie's company-owned Centers of Excellence and the Dale Carnegie franchisees offer Carnegie Programs to the general public and to business entities. Carnegie Programs (as further defined below) are instructional programs concerning subjects such as self-improvement; mastering strategic skills; leadership; sales; communication skills; and, interpersonal relations.

Dale Carnegie has no predecessors or affiliates offering franchises in any line of business. Dale Carnegie has offered and granted license and/or franchise agreements (formerly known as "Sponsor's License Agreements") to franchisees since the 1930's. Dale Carnegie has never offered or granted licenses or franchises for any other type of business. Dale Carnegie Service Corporation ("Dale Carnegie Service"), referred to as the "Intermediary" in the former Sponsor's License Agreement (but which is not a party to the Franchise Agreement described in this offering circular), is a New York corporation with its principal business address at 290 Motor Parkway, Hauppauge, New York 11788. Dale Carnegie Service carries on no business or operations except for its role as the "Intermediary" under the Sponsor's License Agreements.

Dale Carnegie traces its roots to its founder, the late Dale Carnegie, who began teaching adult continuing education programs in New York City in 1912 and authored the world famous book <u>How to Win Friends and Influence People</u>. Based upon his teachings, Mr. Carnegie was referred to as one of the most important Americans of the 20th century in Life Magazine's Fall/1990 Special Issue, "The 100 Most Important Americans of the Twentieth Century". After his death in 1955, Dale Carnegie's wife, Dorothy Carnegie, served as President of Dale Carnegie until 1978 and Chairman until her death in 1998.

The Dale Carnegie family continues to own the Dale Carnegie business. Donna Dale Carnegie, daughter of the late Dale and Dorothy Carnegie, owns 51% of the shares of Dale Carnegie. J. Oliver

Crom (husband of the late Rosemary Crom, the daughter of the late Dorothy Carnegie) and his children own the remaining 49% of the shares. Since January 1, 2000, Mr. Crom has served as the Vice-Chairman of the Board of Directors, and before that he served as Dale Carnegie's President, Chief Executive Officer, Treasurer and a member of Dale Carnegie's Board of Directors. Mr. Crom's son, Michael Crom, is Dale Carnegie's Executive Vice President and a member of Dale Carnegie's Board of Directors. Mr. Crom's daughters Brenda Crom Johnson and Marie Crom Ringler also own shares in Dale Carnegie.

Dale Carnegie has conducted Carnegie Programs since its inception. Dale Carnegie currently does so through its three company-owned and operated Centers of Excellence located in New York, New York; Hauppauge, New York; and San Francisco, California. Dale Carnegie also publishes books on various topics involving interpersonal relations.

Through Dale Carnegie's franchisees and its Centers of Excellence, Dale Carnegie has evolved into a global provider of locally delivered training in leadership, sales, interpersonal relations and communication skills essential to improving the performance of individuals and teams, and therefore adding value to their organizations.

THE FRANCHISE

Dale Carnegie will grant you the limited exclusive right to offer, sell and teach Carnegie Programs at a location you select within a territory Dale Carnegie designates. You may only conduct Carnegie Programs in person. Carnegie Programs means (and you are only licensed to sell and conduct) in-person training of Dale Carnegie's nine fundamental programs and related services (including consulting, needs assessments, evaluations, interviews and executive summary sessions), new or modified programs which Dale Carnegie may develop in the future and license to its franchisees (with specific approval) and programs which you propose for your clients and Dale Carnegie approves. Dale Carnegie will also grant you the right to use its training materials, other materials and supplies.

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

You must operate your Business in compliance with Dale Carnegie's standards and specifications in the Franchise Agreement, Dale Carnegie's Confidential Franchise Operations Manual and Business Model (the "Operations Manual and Business Model "), and any other guidelines Dale Carnegie disseminates.

The Franchise Agreement described in this offering circular differs substantially from the Sponsor's License Agreement Dale Carnegie has used in the past. Dale Carnegie consulted with respect to the terms and conditions of the Franchise Agreement with the Dale Carnegie Franchise Association. The Dale Carnegie Franchise Association has endorsed and supports the new Franchise Agreement.

Under the Franchise Agreement, you will receive a franchise and a license limited to the in-person delivery of Carnegie Programs, that is, Dale Carnegie's nine fundamental programs and related services. This means that you cannot conduct Carnegie Programs through any other channel or method of distribution or presentation, including electronic presentation via computer networks (including the Internet), etc. Dale Carnegie reserves the right, among other things, to offer, sell and conduct Carnegie Programs or any other product, service or program through these or any other channels or methods of distribution or presentation, including in your territory. Dale Carnegie will share revenues it receives from these activities as provided in the Franchise Agreement (see Item 11).

AREA DEVELOPMENT AGREEMENT

An Area Developer is granted a protected area within which to develop Carnegie Businesses. Dale Carnegie will not operate or franchise the operation of a Carnegie Business within this area, but an Area Developer's rights are limited to the same extent as described in the Franchise Agreement. The boundaries of the protected area will be specified in Exhibit B to the Area Development Agreement.

The exact number of Carnegie Businesses, which an Area Developer must open, will be specified in the Area Development Agreement. The operation by the Area Developer of each Carnegie Business is governed by the terms of the Franchise Agreement signed in connection with the opening and operation of each Carnegie Business. A termination of the Area Development Agreement will have no effect on the Franchise Agreement(s) previously entered into by an Area Developer.

Dale Carnegie may terminate the Area Development Agreement, including Area Developer's territorial rights and retain all fees paid by Area Developer, if Area Developer fails to timely open the number of Carnegie Businesses required in the Area Development Agreement or if Dale Carnegie terminates either the Area Development Agreement or any previously entered into Franchise Agreement for cause. See Item 17.

THE MARKET, THE COMPETITION AND LEGAL REGULATION

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

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

Individuals use Carnegie Programs to strengthen their professional and personal performance. Individuals can choose from a range of open-registration programs that you may offer as a franchisee of Dale Carnegie. These programs usually include, among others, the Dale Carnegie Program, the Sales Advantage Program and the Leadership Training for Managers Program. These programs afford participants the chance to master critical business skills while they interact with individuals from other companies and industries.

Your Business will operate in a highly competitive environment. Various businesses compete in the training, self-improvement and seminar arenas, including: private training companies that offer seminars and workshops or develop customized training for companies, often conducting the training in-house, including Blessing & White, Development Dimensions International, Franklin Covey, AchieveGlobal and The Forum Corporation, among others; individual consultants; universities and community colleges conducting executive training and continuing education programs; web-based training programs; and accounting firms that offer training.

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

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

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

ACCREDITATION

Certain of the Carnegie Programs – in particular The Dale Carnegie Program and the Sales Advantage and Leadership Training for Managers Programs – comply with the standards of the American Council on Education, which considers them to be of "college level" quality. This means that graduates of these programs may receive college transfer credits for these programs if permitted by a particular college.

The Accrediting Council for Continuing Education and Training ("ACCET") has also accredited Carnegie Programs. ACCET is a private training accreditation body which is recognized by the United States Department of Education and which permits graduates of Carnegie Programs to receive a predetermined number of "continuing education units," defined generally as 10 contact hours of participation in an organized continuing education experience under responsible sponsorship, capable direction and qualified instruction.

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

You must apply for, receive and maintain in good standing accreditation by ACCET. Accreditation is a process by which ACCET grants public recognition to an educational institution, which has voluntarily submitted to an evaluative comparison with established qualifications and standards, both upon initial application and periodically in the years following. ACCET's function is focused upon educational quality, the continuous assessment and improvement of educational practices, and assistance to member institutions in the improvement of these practices within their programs. Information concerning ACCET, including the fees and costs associated with the accreditation process, is available on the World Wide Web at www.accet.org.

ITEM 2

BUSINESS EXPERIENCE

Chairman of the Board of Directors, President and Chief Executive Officer: Peter V. Handal

Peter Handal has served as the President and Chief Executive Officer of Dale Carnegie since January 1, 2000 and as Chairman of the Board of Directors since October 2005. Before that, Mr. Handal served as Dale Carnegie's Chief Operating Officer since November 1999, at Dale Carnegie's principal place of business. Mr. Handal has also been a member of Dale Carnegie's Board of Directors since July 1999. Since 1990, Mr. Handal has been President of COWI International Group, a management-consulting firm located in New York, New York. Since 1984, Mr. Handal has been President of J4P Associates, a real estate business located in Baltimore, Maryland. Since the 1970's, Mr. Handal has been President of Filmore Leasing Company, Inc., a leasing company located in Margate, New Jersey.

Director, Vice Chairman of the Board of Directors: J. Oliver Crom

J. Oliver Crom has served as Dale Carnegie's Vice-Chairman of the Board of Directors since January 1, 2000. Before that, Mr. Crom served as Dale Carnegie's Chief Executive Officer since 1996 and as its President and Treasurer since 1978, at Dale Carnegie's principal place of business. Mr. Crom has also served as a member of Dale Carnegie's Board of Directors since 1978. Mr. Crom first joined Dale Carnegie in 1957.

Director and Executive Vice President: Michael A. Crom

Michael Crom has served as Dale Carnegie's Executive Vice President since 1998 and as a member of Dale Carnegie's Board of Directors since 1992. Mr. Crom served as manager of Dale Carnegie's Rockville, Maryland company-owned Center of Excellence from 1981 through 1984 and as manager of Dale Carnegie's San Diego company-owned Center of Excellence from 1984 through 1992, when he became Dale Carnegie's Vice-President – Centers of Excellence, at Dale Carnegie's principal place of business. In addition, Mr. Crom served as Past Chairman and Commissioner of ACCET, located in Washington, D.C. Mr. Crom first joined Dale Carnegie in 1978.

Director: Robert Farmer

Robert Farmer has served as a member of Dale Carnegie's Board of Directors since January 19, 2001, at Dale Carnegie's principal place of business. Mr. Farmer also has extensive experience in the publishing and training industries. From 1993 to 1994, Mr. Farmer served as Vice Chairman for International Data Group in Boston, Massachusetts. He was the U.S. Consul General to Bermuda from 1994 to 1999; the National Treasurer for the Dukakis for President campaign; and one of the five incorporators of the Clinton for President campaign, as well as its National Treasurer. Currently Mr. Farmer is the Chairman of the Board of WQNI of Dallas, Texas, a NASDAQ listed company. He is Chairman of the Board of Charlesbridge Publishing, Watertown, Massachusetts, as well as Director of International Data Group, Director of Demeter Systems, Inc. of Orlando, Florida; Director of Seaview Mezzanine Fund, New York, New York. In addition, Mr. Farmer serves as Finance Chairman for Senator John Kerry.

Director: Andrew A. Giordano

Andrew Giordano has served as a member of Dale Carnegie's Board of Directors since October 24, 2002, at Dale Carnegie's principal place of business. Mr. Giordano has served as Chairman of the Board of Jos. A. Bank Clothiers, Inc., since May 1999. Mr. Giordano has been a principal of The Giordano Group, Limited, a diversified consulting firm, since it's founding in February 1993. Mr. Giordano was the President and Chief Operating Officer of Graham-Field Health Products, Inc. from February 1998 to June 1998 and was a Director of Graham-Field from 1994 to 1998. Since 2000 to the present he has been the Director of the Navy Memorial Foundation based in Washington, D.C.

Director: Arnold J. Gitomer, Esq.

Arnold Gitomer, an attorney, has served as a member of Dale Carnegie's Board of Directors since 1976, at Dale Carnegie's principal place of business. He has been President of AJG Tax Consulting Corp. in New York, New York since 1982. AJG Tax Consulting Corp. has acted as tax consultants to Dale Carnegie since that date. From 1971 to 1982, Mr. Gitomer was a principal of Executive Tax Planning Corp. in New York, New York, which also provided tax-consulting services to Dale Carnegie. Before forming Executive Tax Planning Corp., Mr. Gitomer was employed by Coopers & Lybrand, now known as PricewaterhouseCoopers LLP, in New York, New York, from 1968 through 1971.

Director: Patricia M. Luzier

Patricia Luzier has served as a member of Dale Carnegie's Board of Directors since July, 2005, at Dale Carnegie's principal place of business. Since October 2004, Ms. Luzier has consulted to corporations and Chief Executive Officers in the Human Resources, O.D. and O.E. disciplines. From 1999 to October 2004, Ms. Luzier was the Senior Vice President & Chief Administrative Officer for Cole National Corporation based in Cleveland, Ohio. Ms. Luzier was Senior Vice President of HomePlace Stores in Cleveland, Ohio from 1998 to 1999. From 1994 to 1998 Ms. Luzier was Senior Vice President of Vicorp Restaurants of Denver, Colorado, a holding company which had both corporate stores and franchise locations. In addition, Ms. Luzier serves on the Board of Directors of CITI Trends, a publicaly held retail corporation.

Director: Jack L. Rivkin

Jack Rivkin, the son of the late Dorothy Carnegie's second husband, David Rivkin, has served as a member of Dale Carnegie's Board of Directors since 1998, at Dale Carnegie's principal place of business. In addition, since August 2002, Mr. Rivkin has been Executive Vice President of Neuberger Berman in New York, New York and head of research, research sales and equity trading. He also sits on Neuberger Berman's Executive Management Committee. From 1995 to 2002, Mr. Rivkin was Executive Vice President of Citigroup Investments, a subsidiary of Citigroup, in New York, New York. From 1993 to 1995, Mr. Rivkin served as Vice Chairman and Director of Global Research at Smith Barney (a subsidiary of Citigroup) in New York, New York. Mr. Rivkin was the Director of the Equities Division and Director of Research of Lehman Brothers Inc. in New York, New York from 1987 to 1992. Before that, he was President of PaineWebber Mitchell Hutchins and Chairman of Mitchell Hutchins Asset Management, both located in New York, New York.

Director: JoAnne Shaw

JoAnne Shaw has served as a member of Dale Carnegie's Board of Directors since April 24, 2001, at Dale Carnegie's principal place of business. Since 1976, Ms. Shaw has been president and CEO of The Coffee Beanery, based in Flushing, Michigan, which has over 200 franchises in the United States.

Director: Edward M. Straw

Edward M. Straw has served as a member of Dale Carnegie's Board of Directors since July 2005. Mr. Straw retired in 2004 from The Esteé Lauder Company, New York, New York, where he held the position of President, Global Operations. Prior to Estee Lauder, Mr. Straw held the positions of President, Ryder Integrated Logistics, and Senior Vice President, Global Manuafacturing and Supply Chain for the Compaq Computer Corporation. In addition, he also serves on the boards of several private and publicly held corporations.

Chief Operating Officer: David Fagiano

David Fagiano has served as Dale Carnegie's Chief Operating Officer since September 1, 2000. Before that, Mr. Fagiano served as Dale Carnegie's Senior Vice President of Sales and Marketing since October 1999, at Dale Carnegie's principal place of business. From 1997 to October 1999, Mr. Fagiano was the President of ProfitQuest, a private training consulting business located in Garden City, New York, and is a co-owner of ProfitQuest. From 1991 to 1997, Mr. Fagiano served as the President and Chief Executive Officer of American Management Association, a management training organization located in New York, New York.

Senior Vice President, Strategic Sales: Kelly Crofoot

Kelly Crofoot has served as Dale Carnegie's Senior Vice President, Strategic Sales since June 2006, at Dale Carnegie's principal place of business. From 1990 to 2006, Mr. Crofoot served as Vice President of the Executive Solutions Group of Development Dimensions International (DDI), a client management firm located in Detroit, Michigan. Prior to joining DDI, Mr. Crofoot held the position of Major Account Executive for Applied Learning, located in Scottsdale, Arizona.

Senior Vice President, Franchising: Joseph Garcia

Joseph Garcia has served as Dale Carnegie's Senior Vice President, Franchising since June 2003, at Dale Carnegie's principal place of business. Before joining Dale Carnegie, Mr. Garcia was Director of Franchise Sales for D.E.I. Management Group, Inc. in New York, New York from December 2002 through June 2003. From April 2002 through December 2002 Mr. Garcia was self-employed as a business consultant in the New York, New York area. Before that, he was Vice President of Franchise Development for Cardsmart Retail Corp. in Pawtucket, Rhode Island from April 1996 to April 2002; and Vice President of Paramount Cards, Inc., also in Pawtucket, Rhode Island, from April 1988 to April 1996.

Senior Vice President, Chief Compliance Officer: Marc K. Johnston

Marc K. Johnston has served as Dale Carnegie's Senior Vice President, Chief Compliance Officer since June 2003. From November 1999 till June 2003, Mr. Johnston served as Senior Vice President, Franchising. Before that, he served from 1992 to November 1999 as Vice President of Finance and Administration and, before that, as Controller of Dale Carnegie, at Dale Carnegie's principal place of business. Mr. Johnston first joined Dale Carnegie in 1987. Mr. Johnston is a Certified Public Accountant and practiced accounting with Coopers & Lybrand, now known as PricewaterhouseCoopers LLP, in New York, New York, from 1975 to 1978. Mr. Johnston has served as the Franchise Compliance Officer since November 1, 2001.

Senior Vice President, Finance and Administration: Christopher D. Noonan

Christopher Noonan has served as Dale Carnegie's Senior Vice President of Finance and Administration since February 2000, at Dale Carnegie's principal place of business. Before joining Dale Carnegie, Mr. Noonan was employed by Genovese Drug Stores, Inc. in Melville, New York as Vice President and Chief Financial Officer from January 1998 through January 2000 and as Assistant Vice President and Controller from June 1995 through January 1998.

Senior Vice President, Global Support Services: Thomas Otley

Thomas Otley has served as Dale Carnegie's Senior Vice President of Product and Trainer Development since November 1999. From 1998 through 1999, Mr. Otley served as Vice President of Product Development, and from 1996 through 1998, Mr. Otley was Dale Carnegie's Director of Product Development. From 1994 to 1996, Mr. Otley was Dale Carnegie's Manager of Product Development, and from 1990 through 1994, was a Training Consultant for Dale Carnegie, at Dale Carnegie's principal place of business. Mr. Otley first joined Dale Carnegie in 1990.

Senior Vice President, Marketing: Piera Palazzolo

Piera Palazzolo has served as Dale Carnegie's Senior Vice President of Marketing since November 2002. Before that, she had served as Vice President of Marketing since 1993, at Dale Carnegie's principal place of business. From 1988 to 1993, Ms. Palazzolo served as Vice President, Account Supervisor for J. Walter Thompson, an advertising agency in New York, New York and, while there, worked on the Dale Carnegie account.

Vice President, Field Support: John R. Covilli

John Covilli has served as one of Dale Carnegie's Vice Presidents, Field Support since 1995. From 1992 through 1995, Mr. Covilli was Dale Carnegie's Vice President of Corporate Account Development, at Dale Carnegie's principal place of business. Mr. Covilli first joined Dale Carnegie in 1981.

Vice President, Field Support: Mahan Tavakoli

Mahan Tavakoli has served as one of Dale Carnegie's Vice Presidents, Field Support since 2004. Before that, Mr. Tavakoli was Dale Carnegie's Franchise Director in its Washington, D.C. location from 2001 until 2004. Mr. Tavakoli first joined Dale Carnegie in 1993.

Vice President, Field Support: Jean-Louis Van Doorne

Jean-Louis Van Doorne has served as one of Dale Carnegie's Vice Presidents of Field Support since 1998, at Dale Carnegie's principal place of business. Before becoming Vice President, Mr. Van Doorne was one of Dale Carnegie's Regional Managers, and before that was Dale Carnegie's Center Manager for the company-owned Dale Carnegie Center of Excellence formerly located in Belgium. Mr. Van Doorne first joined Dale Carnegie in 1986.

Franchise Executive: Abdelmeguid M. Barakat

Abdelmeguid M. Barakat has served as one of Dale Carnegie's Franchise Executives since March 2006. From 2002 to 2006, Mr. Barakat was the Operations Director for Infinity Management Consulting Services, which is an authorized Dale Carnegie franchise in Cairo, Egypt.

Franchise Executive: Thomas Kaletta

Thomas Kaletta has served as one of Dale Carnegie's Franchise Executives since 1997. Mr. Kaletta first joined Dale Carnegie in 1985 and is based in its St. Louis, MO location.

Franchise Executive: Triana Newton

Triana Newton has served as a Franchise Executive with Dale Carnegie since March 2004. Before her current appointment she held the position of President for the Dale Carnegie Business Group in British Columbia Canada from 1995 until March 2004.

Franchise Administrator/Paralegal: Marie L. White

Marie L. White has served as Dale Carnegie's Franchise Administrator/Paralegal since July 2004. From January 2001 until June 2004, Ms. White provided administrative support to the Chief Operating Officer of J. D'Addario & Company, a musical instrument manufacturer located in Farmingdale, New York. Ms. White was the Office Manager/Executive Assistant to the President of Terk Technologies located in Commack, New York from 1995 until 2001.

Secretary: Muriel Goldstein

Muriel Goldstein has served as Dale Carnegie's Secretary since October 2002 and, before that, as the Assistant Secretary since September 2000. In addition, Ms. Goldstein has served as Dale Carnegie's Director of Special Operations and Personal Executive Assistant to Peter Handal since November 1999, at Dale Carnegie's principal place of business. From 1992 to 1995, Ms. Goldstein was the President and owner of Galeries Ma Folie, an antique store located in the Trump Tower in New York, New York.

* * *

As of the date of this offering circular, Dale Carnegie is conducting a franchisee development reward program, or "FDR Program". Under the FDR Program, if an individual is employed by an existing Dale Carnegie sponsor or franchisee for a minimum of two years, and then applies for and becomes a Dale Carnegie franchisee, Dale Carnegie will reward the original sponsor or franchisee for training and developing the employee and preparing them for acceptance as a Dale Carnegie franchisee. Currently, if an employee signs a Franchise Agreement, the original sponsor or franchisee will receive a portion of the initial franchise fee paid by the employee and a portion of the Monthly Royalty paid by the employee under its Franchise Agreement for a number of months equal to the number of months it was employed by the original sponsor or franchisee (up to 60 months).

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

Neither Dale Carnegie nor any person or franchise broker listed in Item 2, above, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. §78A et seq., suspending or expelling Dale Carnegie or any of those persons or brokers from membership in any of those associations or exchanges.

ITEM 3

LITIGATION

John Moser, and Leadership Development, Inc. d/b/a John Moser & Associates v. Dale Carnegie & Associates, Inc. and Dale Carnegie Service Corporation. Index No. 4721 CV 2005, Circuit Court of Jefferson County, Alabama)

This litigation was settled and discontinued by written agreement in August 2006, pursuant to which Dale Carnegie & Associates, Inc., ended its agreement with Leadership Development Inc., d/b/a John Moser & Associates with respect to certain parts of northern and central Alabama as of December 31, 2005. On or about August 11, 2005, John Moser and Leadership Development, Inc. d/b/a John Moser & Associates (together "Moser"), a then licensee in certain parts of northern and central Alabama, had filed a Complaint against Dale Carnegie & Associates, Inc. and Dale Carnegie Service Corporation, the "Intermediary" under Moser's License Agreement (together "DCA"). In early 2005, DCA had notified Moser that it intended not to renew the license agreement. Moser alleged in the Complaint that, prior to providing that notification, DCA had orally agreed to modify the terms of the license agreement to permit Moser to assign or sell the territories to third parties. Moser further alleged that DCA thereafter made misrepresentations to Moser that it would approve any assignment or sale, and that once potential assignees were found, DCA wrongfully terminated the license agreement. In separate causes of action, Moser also alleged that DCA concealed its intentions from Moser, and that it breached their oral agreement. DCA served an Answer to the Complaint, in which it denied Moser's allegations, raised various affirmative defenses, and alleged counterclaims against Moser arising out of Moser's breach of the license agreement by, among other things, failing to report revenue; failing to make royalty payments; and attempting to assign the license agreement to a third-party without DCA's approval.

P. Sherman Brown, and Sherman Brown Limited v. Business Leadership Group, Dale Carnegie & Associates, Inc., Juliette Dennett, Mark Fitzmaurice, Peter Naylor, Jack Ross, Angus Ross, and Derek Couzens. Index No. 602470/05, Supreme Court of the State of New York, County of New York)

On or about July 8, 2005, P. Sherman Brown and Sherman Brown Limited (together "Brown") a former franchisee in certain parts of the United Kingdom, filed a complaint against Dale Carnegie & Associates, Inc. (DCA), Business Leadership Group (a franchisee in the United Kingdom, "BLG") and Juliette Dennett, Mark Fitzmaurice, Peter Naylor, Jack Ross, Angus Ross, and Derek Couzens (each shareholders of Business Leadership Group). BLG is the current franchisee in Brown's former territories. With respect to DCA, the complaint alleges DCA failed to enforce certain obligations of BLG to make Continuing License Fee payments to Brown, and asserts the following claims: Brown is allegedly a third-party or creditor beneficiary of BLG's franchise agreement, and is therefore entitled to enforce its rights to the Continuing License Fee against DCA as promisor. DCA is liable to Brown for Continuing License Fee payments as a result of DCA's alleged breach of fiduciary duty and its breach of duty of care as an agent and DCA is liable to Brown for Continuing License Fee payments as a result of DCA's alleged breach of an implied duty of good faith and fair dealing. Based upon these allegations, Brown seeks to recover £803,132.89 (plus fees and costs). In addition, Brown seeks an accounting from DCA of BLG's aggregate income. DCA denies these allegations and will vigorously defend against them.

DCA has submitted a motion to dismiss all counts alleged against DCA, based upon documentary evidence and for failure to state a cause of action upon which relief may be granted.

Bridget Cinque v. Dale Carnegie & Associates, Inc. (Index No. 602908/97, Supreme Court of the State of New York, County of New York).

On or about June 6, 1997, Bridget Cinque ("Cinque"), a former sales representative for Dale Carnegie, sued Dale Carnegie for the alleged breach of her employment contract and for intentional infliction of emotional distress. Cinque sought $750,000 in breach of contract damages and $1,000,000 on her claim for intentional infliction of emotional distress. On November 19, 2001, the parties settled the case and all disputes between them by entering into a written settlement agreement. Pursuant to the settlement agreement, Cinque released all claims she allegedly had against Dale Carnegie and agreed to abide by the post-termination provisions of her employment contract. In exchange, Dale Carnegie made a payment of $12,500 to Cinque.

Robert King and Robert P. King and Associates, Inc. v. Dale Carnegie & Associates, Inc. and Dale Carnegie Service Corporation. (Case No. SACV 98-593, U.S. District Court for the Central District of California, transferred to the U.S. District Court for the Southern District of New York, Case No. 98 Civ. 6231)

On May 20, 1998, Dale Carnegie began an action in New York State Supreme Court, New York County against Robert P. King, individually and d/b/a Robert King and Associates, and Robert P. King & Associates, Inc., Dale Carnegie's former franchisee in Orange County, California (the "King Parties"). Dale Carnegie sought a declaratory judgment that the relationship between the parties would cease on December 31, 1998, the end of the King Parties' then-current renewal period of the License Agreement, in accordance with Dale Carnegie's delivery of a notice (the "Notice") to the King Parties pursuant to paragraph 61 of the License Agreement. On July 13, 1998, the King Parties began an action against Dale Carnegie and Dale Carnegie Service in the United States District Court for the Central District of California (Case No. SACV 98-593). The King Parties alleged that paragraph 61 of the License Agreement and the Notice violated the California Franchise Relations Act (the "CFRA"), and sought a declaration that paragraph 61 and the Notice were void (so that the License Agreement would be automatically renewed) and an injunction restraining the termination of the License Agreement. The King Parties also sought compensatory damages for breach of an implied covenant of good faith and fair dealing, fraud, negligent misrepresentation and contractual recoupment, and on one of these claims punitive damages. Dale Carnegie strongly denied these claims.

On its own motion, the federal court in California transferred the King Parties' California action to the United States District Court for the Southern District of New York. Under case number 98 Civ. 6231, the action was consolidated with the action Dale Carnegie had originally began against the King Parties in New York State Supreme Court, New York County which the King Parties then removed to the Southern District of New York. The Court granted Dale Carnegie summary judgment in its action against the King Parties, holding that neither paragraph 61 of the License Agreement nor the Notice violated the CFRA, and the relationship between the parties would cease as provided in the Notice. Following this, the King Parties voluntarily dismissed their action against Dale Carnegie and Dale Carnegie Service.

Dale Carnegie & Associates, Inc. and Dale Carnegie Service Corporation v. Robert King and Robert P. King and Associates, Inc. (U.S. District Court for the Southern District of New York, Case No. 99 Civ. 189)

On January 8, 1999, after the voluntary dismissal of the King Parties' action discussed above, Dale Carnegie and Dale Carnegie Service commenced a new action against the King Parties seeking a declaration from the Court that the King Parties have no claims against Dale Carnegie and Dale Carnegie Service. In addition to the claims alleged in their action which was voluntarily dismissed, the King Parties asserted counterclaims alleging that Dale Carnegie and/or Dale Carnegie Service violated federal and state antitrust laws; breached their fiduciary duties and the implied covenant of good faith and fair dealing in connection with Dale Carnegie's National Accounts Program and Global Accounts Program; breached the License Agreement by depriving the King Parties of income; and, breached the License Agreement by failing to pay the King Parties an award for their performance in the fiscal years 1994/1995 and 1997/1998. The King Parties also alleged that they were entitled to declaratory relief with respect to a covenant not to compete in the License Agreement, a covenant not to publicize their prior relationship or association with Dale Carnegie, the ownership of customer lists, and the right of the King Parties to continue to use their business telephone number after the cessation of their relationship with Dale Carnegie.

On March 30, 1999, after Dale Carnegie and Dale Carnegie Service moved to dismiss the King Parties' counterclaims, the parties settled the case and all disputes between them by entering into a settlement agreement. Under the settlement agreement, Dale Carnegie paid Mr. King $375,000 and the King Parties agreed to release their rights to payment of continuing license fees. In addition, the parties further agreed, among other things, that (a) paragraph 84 of the License Agreement (requiring the King Parties, after termination or non-renewal, not to publicize, in any educational or business activity or in the pursuit of any gainful occupation, any previous relation or association that they had with Dale Carnegie, any of the Carnegie Courses, or Dale or Dorothy Carnegie) will remain in force and that the King Parties should be enjoined from any violation of paragraph 84, provided that Mr. King may indicate his prior relationship with Dale Carnegie in a resume when applying for a job; (b) any of the parties may use the King Parties' list of graduates of Carnegie Courses without any restriction; (c) other than as modified by the settlement agreement, the post-renewal or post-termination provisions of the License Agreement will remain in effect; (d) the parties will not in any way disparage or make derogatory comments about each other and the terms of the settlement agreement will remain confidential except as necessary to disclose them to legal or financial representatives or as compelled by law; and (e) other than as set forth in the settlement agreement, the parties mutually release each other and agree to discontinue the actions between them.

Norma Kiker and Norma Kiker & Associates, Inc. v. Dale Carnegie & Associates, Inc., Dale Carnegie Service Corporation, J. Oliver Crom, Michael A. Crom and Mildred Deane, as Executrix of the Estate of Philip G. Deane. (Case No. 00 CIV. 9007, U.S. District Court for the Southern District of New York)

On or about November 27, 2000, Norma Kiker and Norma Kiker & Associates, Inc. (together "Kiker"), Dale Carnegie's franchisee in certain counties in Tennessee, Georgia, Kentucky and Virginia, filed a complaint against Dale Carnegie, Dale Carnegie Service Corporation (the "Intermediary" under Kiker's "Provisional License Agreement"), J. Oliver Crom, Michael A. Crom and Mildred Deane, as Executrix of the Estate of Philip G. Deane (the former franchisee in Kiker's territory). The complaint alleged that Dale Carnegie, Dale Carnegie Service, Oliver Crom and Michael Crom violated Sections 683, 684 and 687 of the New York Franchise Sales Act, and were also liable for fraud and negligent misrepresentation, by failing to timely file a franchise prospectus with the New York State Attorney General, and by making false and misleading statements and omitting to state material facts in connection with the signing of a Provisional Sponsor's License Agreement with Kiker. Kiker also sued Dale

Carnegie and Dale Carnegie Service for breach of contract, breach of the implied covenant of good faith and fair dealing, and sought a declaratory judgment with respect to Kiker's alleged acceptance of Dale Carnegie's offer of rescission of Kiker's Provisional Sponsor's License Agreement. Kiker also sought a declaratory judgment that the post-term covenant not to compete in Kiker's Provisional Sponsor's License Agreement was unreasonable, offended public policy, and was unenforceable, and that Dale Carnegie and Dale Carnegie Service were equitably estopped from enforcing the covenant because of their alleged fraud. Finally, Kiker alleged that the Estate was unjustly enriched by Kiker's payment to the Estate of continuing license fees under Kiker's Provisional Sponsor's License Agreement. On December 14, 2001, the parties settled the case and all disputes between them by entering into a settlement agreement. Pursuant to the settlement agreement, Kiker released any claims she allegedly held against Dale Carnegie, agreed not to use the surname "Carnegie" in any name or title in any business activity, not to publicize Kiker's previous association with Dale Carnegie, and to return all materials in Kiker's possession intended for use in connection with classes in the Carnegie Courses. In exchange, Dale Carnegie made a payment of $90,000 to Kiker.

Ian Macpherson v. Dale Carnegie & Associates, Inc. (IRC 2915 of 2001, Industrial Relations Commission of New South Wales, Australia, in Court Session).

On or about April 27, 2001, Ian Macpherson ("Macpherson"), then Dale Carnegie's Provisional Sponsor in the Australian Capital Territory, Southern New South Wales and the Southern half of Sydney (the "Territory"), filed an action before the Industrial Relations Commission of New South Wales in Court Session. Macpherson was Dale Carnegie's Provisional Sponsor in the Territory pursuant to Dale Carnegie's old form of Provisional Sponsor's License Agreement, not the Franchise Agreement described in this offering circular.

Macpherson alleged that his Provisional Agreement, which expired on December 31, 2000, had been automatically renewed for a year and that Dale Carnegie had improperly terminated the Agreement on August 31, 2001. Macpherson also alleged that Dale Carnegie had failed to comply with the pre-sale franchise disclosure requirements under Australian law. Macpherson sought an order changing the terms of his Provisional Agreement or declaring it void, and damages in the amount of AU$321,944, plus an unspecified amount for "goodwill". Dale Carnegie replied to Macpherson's summons and denied all allegations. On November 30, 2001, the parties settled the case and all disputes between them by entering into a settlement agreement. Pursuant to the settlement agreement, Macpherson released any claims he allegedly held against Dale Carnegie, agreed to continue to be bound by certain post-termination obligations in the Provisional Agreement, and agreed not to compete against Dale Carnegie in the Territory. In exchange, Dale Carnegie made a payment of US$10,000 to Macpherson.

Dale Carnegie & Associates, Inc. v. Societe Weyne (Case Number 2002F02687, Commercial Court of Versailles, France)

On or about June 30, 2001, Dale Carnegie's Sponsor Franchise Agreement with Mr. Didier Weyne, covering the country of France, expired by its terms. Despite this, Mr. Weyne's company, Societe Weyne, continues to offer and sell certain Carnegie Programs to the public, under different titles, and using program manuals essentially identical to Dale Carnegie's French-language Carnegie Program manuals. Accordingly, on or about July 3, 2002, Dale Carnegie filed a Summons with the Commercial Court of Versailles, France (the "Commercial Court") asking the Commercial Court to find Societe Weyne guilty of infringing on Dale Carnegie's copyrights in its Carnegie Program manuals and guilty of unfair competition and free-riding on Dale Carnegie's intellectual and financial efforts in developing the Carnegie System. Dale Carnegie requested that the Commercial Court order Societe Weyne to, among other things: (1) cease copying and distributing Carnegie Program manuals, (2) deliver to Dale Carnegie any manuals held by Societe Weyne, (3) deliver to Dale Carnegie all documents needed to assess the extent of the copyright infringement, (4) cease using and/or communicating Dale Carnegie know-how through, for example, conducting Carnegie Programs, (5) pay money damages to Dale Carnegie for copyright infringement, unfair competition, and free-riding, (6) cover the cost of publishing the Commercial Court's judgment in up to five newspapers or magazines chosen by Dale Carnegie, and (7) pay Dale Carnegie's costs in the action. This matter was settled to the satisfaction of the parties after Societe Weyne filed bankruptcy. All rights to Dale Carnegie materials were acknowledged to be protected by Dale Carnegie's copyrights and payment was made to Dale Carnegie.

Before the filing of the Summons, Dale Carnegie obtained an order of seizure from the Commercial Court authorizing a bailiff to seize the allegedly infringing and related documents. On or about December 17, 2002, Societe Weyne filed with the Commercial Court a request for annulment of the order of seizure on the ground that it was not legally authorized, and for damages for abusive seizure and procedure. Societe Weyne also reserved its right to defend the case on the merits. As of the date of this offering circular, the Commercial Court has not issued a ruling on Societe Weyne's request.

On or about June 3, 2003, Messrs. Didier and Gérard Weyne served Dale Carnegie with a Summons and Complaint in an action commenced by the Weynes before the Tribunal de Grande Instance of Versailles (Case Number RG 03/05851, Tribunal de Grande Instance of Versailles, France). In their claim, the Weynes essentially allege that they are the translators of the French-language Carnegie Program manuals, that the translation contract each of the Weynes entered into with Dale Carnegie is void under French law, and that the Weynes are the sole holders of the copyrights in the translated Carnegie Program manuals. The Weynes seek to have the Tribunal (1) hold that the translation contracts are void; (2) enjoin Dale Carnegie from using the translated versions of the Carnegie Program manuals; (3) order an expert appraisal of the alleged prejudice suffered by the Weynes as a result of Dale Carnegie's use of the translated Carnegie Program manuals and a payment by Dale Carnegie to each of the Weynes in a provisional amount of 25,000 euros as compensation for this alleged prejudice; and (4) award the Weynes court costs and attorney's fees.

In November 2003, Dale Carnegie filed pleadings in the Commercial Court arguing that (1) Dale Carnegie's claims against Societe Weyne in the Commercial Court and the Weynes' claims against Dale Carnegie before the Tribunal should all be examined by the same court which, under French law, should be the Tribunal, and (2) Dale Carnegie's claims against Societe Weyne should be transferred to the Tribunal. As of the date of this offering circular, the Commercial Court has not yet responded to Dale Carnegie's arguments. The proceedings in the Tribunal have been postponed until January 5, 2004 in order to await the decision of the Commercial Court on the requested transfer.

Societe Weyne filed for bankruptcy in October 2003, and a judgment to that effect was issued by the Commercial Court on November 6, 2003.

Dale Carnegie disputes the Weynes' allegations and intends to vigorously defend against their claims while continuing to pursue its action against Societe Weyne and taking the efforts necessary to protect Dale Carnegie's rights under the Sponsor Franchise Agreement and otherwise. Dale Carnegie also intends to sue Didier Weyne for moneys owed under Mr. Weyne's expired Sponsor Franchise Agreement. The Commercial Court granted Dale Carnegie's motion and the matter will now be scheduled to proceed.

* * *

Other than these eight actions (two of which are related), no litigation is required to be disclosed in this offering circular.

ITEM 4

BANKRUPTCY

No person identified in Items 1 or 2 of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code which must be disclosed in this Item.

ITEM 5

INITIAL FRANCHISE FEE

You must pay an Initial Franchise Fee of $35,000. However, if you already hold an ownership interest of 10% or greater in a Dale Carnegie franchisee or sponsor, then you must pay a Initial Franchise Fee of $10,000.

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

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

Before teaching any Carnegie Programs, you must purchase an opening inventory of required materials. The opening inventory consists of the required materials to conduct: the Dale Carnegie Program for at least 40 people; the Leadership Training for Managers Program for at least 20 people; the Sales Advantage program for at least 35 people; and, the High Impact Presentations Workshop for at least 20 people. The opening inventory includes one complete program kit for each of these programs and all required textbooks and class member awards. Dale Carnegie estimates that the cost of the opening inventory of required materials is approximately $3,700 before shipping charges and sales taxes, where applicable. See Item 7.

In addition, Dale Carnegie will offer to sell you non-proprietary required materials, but you have no obligation to purchase them from Dale Carnegie. The non-proprietary required materials which you purchase from third party suppliers must meet Dale Carnegie's written specifications for design and quality. We will not arbitrarily interfere with your freedom to obtain non-proprietary materials that meet our specifications from sources of your choosing.

The quantity and cost of the proprietary and non-proprietary required materials you purchase depends on the number of participants that you enroll and the type and number of Carnegie Programs that you conduct.

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

AREA DEVELOPER

If you become an Area Developer, you must pay an Area Development Fee calculated by multiplying the total number of franchised Businesses which Area Developer must establish and operate under the Area Development Agreement by the Initial Franchise Fee (see above in this Item 5). Dale Carnegie will apply the Area Development Fee to the Initial Franchise Fee which is due upon the signing of each Franchise Agreement. The Area Development Fee is payable in full upon signing of the Area Development Agreement by Area Developer, will be deemed fully earned when paid, and will not be refundable (in whole or in part) under any circumstance.

ITEM 6

OTHER FEES*

Name of Fee	Amount	Due Date	Remarks
Monthly Royalty	12% of Gross Revenues.	On the 15th day of each month. See Note 1.	"Gross Revenues" (defined fully in Franchise Agreement Section 6.4) includes all revenues from the franchised Business or based upon our Confidential Information, but excludes passive investment income, revenues from the rental of your Center and/or Training Facility and revenues from speeches or similar activities which are not done for the purpose of offering or selling Carnegie Programs.
Minimum Royalty	The excess of (a) 12% of the then-applicable annual Guaranteed Minimum Production over (b) the aggregate Monthly Royalty that was due for the applicable Fiscal Year. See Note 2.	September 16th of each year.	See Note 2.
Marketing Contribution	3% of Gross Revenues.	Same as Monthly Royalty Fee.	See Item 11 for a discussion of Dale Carnegie's use of Marketing Contributions.
Required Minimum Territory Development Expenditure	5% of annual Gross Revenues.	As incurred.	Required expenditure on marketing, advertising, promotion, public relations, education, training or other expenditures reasonably calculated to develop and satisfy demand in your Territory for Carnegie Programs.
Required proprietary materials; optional	See Note 3.	30 days after your receipt of statement.	You must buy proprietary required materials from Dale Carnegie, and you may purchase other required

* Unless otherwise specified, Dale Carnegie imposes all the fees in this table, you pay them to Dale Carnegie, and Dale Carnegie does not refund them.

Name of Fee	Amount	Due Date	Remarks
purchase of other required materials			materials from Dale Carnegie. See Note 3 and Items 5, 7, 8 and 11.
Initial Training, On-Site Training, and Apprenticeship Program fees for persons hired after Business opens	Subsequent trainee charge: currently not to exceed $1,000 per person, adjusted for any increases in the Consumer Price Index.	Fee for subsequent trainees due before beginning of training; expenses as incurred.	Fees for Initial Training Program, On-Site Training Program, and Apprenticeship Program included in Initial Franchise Fee. You pay subsequent trainee charge for personnel who are required to attend training but are hired after you open your Business. You pay your employees' salaries and all living and transportation expenses.
Trainer Training Fees	See Note 4.		
ACCET Fees	The amounts ACCET charges. See Note 5.	As ACCET requires.	See Note 5.
Insurance	As you negotiate with insurance carrier or broker. Estimated annual premium is $1,000 - $2,000.	As insurance carrier or broker requires – carrier or broker may require you to pay none, some or all of annual premium immediately.	See Note 6. Your premiums will depend in part on your claims experience. Dale Carnegie expects companies may raise premiums by the amount of inflation in the insurance industry and any increases in their costs above inflation (due to material shortages, natural disasters, strikes, Acts of God, etc.).
Sales Taxes	As incurred.	Promptly when due.	If your business is located in the states listed in Note 7 to this table, Dale Carnegie will collect sales taxes from you for materials and supplies that you purchase from Dale Carnegie. See Note 7.
Late Charge	Lesser of the maximum amount that the law allows or 18%.	Late charges are payable together with the payment to which the late charge applies.	Late charges on any past due amounts you owe to Dale Carnegie.
Late Royalty Payment Fee	10% penalty on the royalty that was generated from the report.		In the event your monthly report is received the month after the end of the month in which it was due, Dale Carnegie (or its Affiliates) will be paid a Late Royalty Payment Fee. See Note 1
Letter of Credit / Royalty Deposit			A. 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) due us approaches the amount of the Letter. B. Should a Letter of Credit not be

Name of Fee	Amount	Due Date	Remarks
			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.
Continuing License Fee	As set forth in Appendix C to the Franchise Agreement.	As set forth in Appendix C to the Franchise Agreement.	If your Territory was formerly operated by a Dale Carnegie sponsor who has the right to receive a "continuing license fee", as defined in the Franchise Agreement with Dale Carnegie covering your Territory, then you must pay to the former sponsor the continuing license fee for the Territory. The amounts and time for payment of any continuing license fee will be set forth in Appendix C to your Franchise Agreement.
Indemnification of Dale Carnegie			You indemnify Dale Carnegie from certain losses and expenses – see Sections 9.18, 15.2 and 26.2 of the Franchise Agreement.
Attorneys' fees and other costs			See Note 8.
Dale Carnegie Computer System	For DC Client Builder™ software: $495 upon signing Software License Agreement and $495 per year after first year. For e-mail: $40 upon signing Software License Agreement and $40 per year after first year.	As set forth in Software License Agreement (Exhibit C to the Franchise Agreement).	See Note 9.
Refunds	As incurred.	When required.	See Note 10.
Course End Evaluations	$1.15 per participant.	30 days after statement.	See Note 11.
Web Site	The amounts charged by applicable software and hardware vendors.	When required by the applicable vendors.	See Note 12.
Renewal Fee	$10,000	Before Dale Carnegie signs Renewal Franchise Agreement.	See Item 17.
Transfer Fee	$10,000 if transferee assumes Franchise Agreement; $35,000 if transferee signs new, then-current Franchise Agreement. However, if a controlling interest is being transferred and transferee already holds an ownership interest in Franchisee: (a) of less than 10%, then Transfer Fee will be$35,000; or (b) equal to or greater than 10%, then Transfer Fee will be $10,000. In any event, the transferee will pay only one Transfer Fee	Before Dale Carnegie approves the transfer.	See Item 17.

Name of Fee	Amount	Due Date	Remarks
Application of Funds			Dale Carnegie can apply your payments to the oldest obligation due.
Audit Expenses	See Note 13.		
Taxes	As incurred.	Promptly when due.	You must pay Dale Carnegie all taxes it pays on account of (a) materials and services Dale Carnegie furnishes to you, or (b) the Initial Franchise Fee, Monthly Royalty, Minimum Royalty, Sales and Marketing Contribution, Software Fee or any other fees you pay to Dale Carnegie.
Optional Materials and Services which Dale Carnegie may offer	See Note 14.		

NOTES

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

2. During each one-year period beginning on September 1st and ending on August 31st (a "Fiscal Year"), you must achieve annual Gross Revenues equal to or more than the then-applicable 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. Before you sign the Franchise Agreement, Dale Carnegie and you will negotiate and agree upon your Guaranteed Minimum Production and Territory Revenue Potential for each Fiscal Year during the term of the Franchise Agreement. These amounts will be stated in Appendix D to your Franchise Agreement. You will pay to us, if due, the Minimum Royalty on the 15th day following the end of each Fiscal Year.

3. You must purchase all proprietary required materials from Dale Carnegie. You must also purchase certain non-proprietary supplies, equipment, materials and services, some of which Dale Carnegie may offer to sell to you. See Item 8. The quantity and cost of the proprietary and non-proprietary required materials you purchase depends on the number of participants that you enroll in each Carnegie Program and the type and number of Carnegie Programs that you conduct. Dale Carnegie estimates that the cost of purchasing proprietary required materials for a single Carnegie Program ranges from approximately \$200 to approximately \$2,500. When you purchase proprietary and non-proprietary required materials from Dale Carnegie, you must pay the prices that Dale Carnegie determines at the time of sale. Dale Carnegie may increase the prices of required materials it sells to you. However, Dale Carnegie will charge you the same prices as it charges other franchisees. The costs of these purchases are generally non-refundable to you, but you may use the required materials for subsequent Carnegie Programs and, if the Franchise Agreement is terminated or expires, Dale Carnegie will purchase from you

all unused, packaged and currently usable or saleable materials in your possession that you purchased from Dale Carnegie at their then-current market prices determined by Dale Carnegie, less a 10% handling charge.

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

5. As a requirement of this Agreement, you must apply for, receive and maintain in good standing accreditation by ACCET. As of the date of this offering circular, ACCET charges fees for initial applications for accreditation, applications for reaccredidation, applications for additional locations, workshop fees, on-site examination fees and annual sustaining fees. ACCET's fees as of the date of this offering circular are as set forth in Exhibit B to this offering circular. Dale Carnegie has no control over the fees ACCET charges. Information concerning ACCET, including the fees and costs associated with the accreditation process, is available on the worldwide web at www.accet.org.

6. You must purchase and maintain the following insurance:

a. 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.

b. 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, including injury, destruction or loss of use of property of third persons as the result of any one accident.

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

d. 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.

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

f. Insurance coverage that covers your indemnification of Dale Carnegie and its Affiliates (as defined in the Franchise Agreement), the affiliates, successors, and assigns of each, and the respective directors, officers, employees, agents, shareholders, designees, contractors, representatives and attorneys of each, and as required by law.

Dale Carnegie can change the required coverages and amounts.

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

8. If Dale Carnegie wins any action brought by either Dale Carnegie or you under the Franchise Agreement, or if Dale Carnegie becomes a party to litigation or insolvency proceedings regarding your franchise, then you will be liable for Dale Carnegie's reasonable attorneys' and experts' fees and other litigation costs and expenses.

9. You must license and use the various computer programs, system documentation manuals, and other materials comprising Dale Carnegie's proprietary DC Client Builder™ system, sublicense Lotus Notes from Dale Carnegie (although you may license Lotus Notes from another person) and sign Dale Carnegie's standard form Software License Agreement (Exhibit C to the Franchise Agreement).

Dale Carnegie has the non-exclusive right to sublicense Lotus Notes to its franchisees. Dale Carnegie has this right for one-year periods which are generally renewed annually. Dale Carnegie uses Lotus Notes as its e-mail system to maintain a computer network through which you can communicate with Dale Carnegie and other franchisees. The e-mail system is used, among other things, for asking questions, discussing common issues and disseminating information from Dale Carnegie, including promotional materials. You can sublicense the use of Lotus Notes from Dale Carnegie and access the network for $40, due upon signing the Software License Agreement, and $40 per year payable to Dale Carnegie, for one personal computer. Dale Carnegie's sublicense of Lotus Notes to you and your use of Lotus Notes is subject to the IBM International Program License Agreement. If Dale Carnegie loses its rights to sublicense Lotus Notes for any reason, then your sublicense of Lotus Notes will expire and, in that event, Dale Carnegie will not be liable to you in any way (including for any fees you paid Dale Carnegie for the sublicense).

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

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

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

11. 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.

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

13. If Dale Carnegie audits your business records, and finds that you understated the Gross Revenues in your Monthly Reports by an amount less than or equal to 3% for any month and/or for the entire audit period, then you must immediately pay Dale Carnegie the additional amount owed, plus interest at the lesser of the maximum rate allowed by law or 18%. If an audit reveals that you understated Gross Revenues by an amount greater than 3% but less than 10%, then you must immediately pay Dale Carnegie the additional amount owed, plus interest at the lesser of the maximum rate allowed by law or 18%, and an amount equal to 50% of the amount owed (plus interest). In addition, you must pay Dale Carnegie the full cost of the audit. If an audit reveals that you understated Gross Revenues by an amount greater than 10%, then you must immediately pay Dale Carnegie the additional amount owed, plus interest at the lesser of the maximum rate allowed by law or 18%, and an amount equal to 100% of the amount owed (plus interest). In addition, you must pay Dale Carnegie the full cost of the audit.

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

ITEM 7

INITIAL INVESTMENT*

Category of Investment	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee	$25,000 (or $10,000). See Note 1.	Lump sum	See Item 5 and Note 1	Dale Carnegie
Real Property; Lease/utility payments and deposits	$4,800 to $30,000. See Note 2.	As incurred	As agreed	Landlord or utility company
Equipment	$5,000 to $10,000. See Note 3.	As incurred	As agreed	Outside suppliers
Opening Inventory	$3,700. See Note 4.	Lump sum	10 days after date of statement	Dale Carnegie or vendors
Business licensing	$500 to $2,000. See Note 5.	As licensing authorities require	As licensing authorities require	Licensing authorities
ACCET Fees	$6,900 to $9,350. See Note 6.	As ACCET requires	As ACCET requires	ACCET
Insurance	$1,000 to $2,000. See Note 7.	As agent requires	When carrier or broker requires	Agent
Legal and accounting	$1,000 to $5,000. See Note 8.	As you agree with accountant/ attorney	As you agree with accountant/ attorney	Accountant/ Attorney
Minimum Territory Development Expenditure	$0 to $15,000.	As incurred	As agreed	See Note 9
Additional funds (6 months)	$5,000 to $100,000. See Note 10.	As expenses occur	Payroll weekly, other purchases according to agreed-on terms	Employees, sellers of goods and services
TOTAL	$52,900 to $202,050 (excluding purchase of real property) (See Note 11)			

NOTES

1. The Initial Franchise Fee of $35,000 is payable when you sign the Franchise Agreement. However, if you already hold an ownership interest of 10% or greater in a Dale Carnegie franchisee or sponsor, then you must pay a Initial Franchise Fee of $10,000. See Item 5 for conditions when Dale Carnegie will refund a part of these fees. Dale Carnegie does not finance any fee.

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

If you become an Area Developer, you must pay an Area Development Fee calculated by multiplying the total number of franchised Businesses, which Area Developer is required to establish and operate under the Area Development Agreement by the Initial Franchise Fee of $25,000 (or $10,000) (see Item 5). Dale Carnegie will apply the Area Development Fee to the Initial Franchise Fee due upon the signing of each Franchise Agreement. The Area Development Fee is payable in full upon signing of the Area Development Agreement by Area Developer, will be deemed fully earned when paid, and will not be refundable (in whole or in part) under any circumstance.

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

The Carnegie Center and Training Facility Locations must comply with the specifications, requirements and restrictions contained in the Operations Manual and Business Model. Generally, most franchisees lease space for their offices and classrooms. Dale Carnegie estimates that the size of your offices may range from 500 square feet to several thousand square feet, and that the size of your classrooms may be approximately 1,000 square feet. Since real estate values vary dramatically from region to region and the size and type of spaces leased (or purchased) by franchisees vary dramatically, Dale Carnegie cannot accurately estimate your rent or cost of purchased real estate, but rental costs may range from $800 to $5,000 per month. Rental costs will vary depending upon the geographic location of your business, the size and type of space in which you choose to conduct Carnegie Programs (hotels, conference centers or leased or owned classrooms, for example) and the amount of rent you are able to negotiate. The figure in the chart assumes that you will rent space for your offices and classrooms and is an estimate of your rental costs for the first six months of operation of your Business, including security deposits. You pay any rental payments and security deposits directly to your landlord. You pay utility payments directly to the utility company.

3. Franchisees typically purchase or lease a personal computer and printer, a copy machine and a telephone system. Dale Carnegie estimates the costs of purchasing this equipment at $5,000 to $10,000, and estimates the cost of leasing this equipment at $1,000 per month.

4. Before teaching any Carnegie Programs, you must purchase an opening inventory of required materials. The opening inventory consists of the required materials to conduct: the Dale Carnegie Program for at least 40 people; the Leadership Training for Managers Program for at least 20 people; the Sales Advantage program for at least 35 people; and, the High Impact Presentations Workshop for at least 20 people. The opening inventory includes one complete program kit for each of these programs and all required textbooks and class member awards. Dale Carnegie estimates that the cost of the opening inventory of required materials is approximately $3,700 before shipping charges and sales taxes, where applicable.

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

6. You must apply for, receive and maintain in good standing accreditation by ACCET. See Item 7. Payment to ACCET is due at the time of your initial application to Dale Carnegie. Sustaining fees are due and payable on the first day of your fiscal year.

7. You pay insurance premiums directly to the insurance carrier or broker when the carrier or broker requires. See Item 6.

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

9. You must spend 5% of your annual Gross Revenues on marketing, advertising, promotion, public relations, education, training or other expenditures reasonably calculated to develop and satisfy demand in your Territory for Carnegie Programs. While this is an annual requirement which need not be met in the first six months of your operation, Dale Carnegie strongly recommends that you spend money on advertising before and immediately after you open your Business. Dale Carnegie estimates that you will spend $0 to $15,000 on marketing, advertising, promotion, public relations, education, training or other similar expenditures in the first six months of operation of your Business.

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

11. Dale Carnegie does not finance any part of your initial investment. The availability and terms of financing from independent third parties will depend on factors including the availability of financing in general, your creditworthiness and any collateral you pledge to secure the financing.

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The amounts shown in the table above are Dale Carnegie's reasonable estimates of the amounts you will typically spend. However, your actual costs may be higher or lower based upon the particular factors applicable to your Business, including its location, the type of advertising you decide to conduct, and the number of any trainers, sales representatives and other personnel you employ. You should review the estimates in the table carefully with a business advisor before making any decision to enter into the Franchise Agreement.

AREA DEVELOPER

In connection with the Area Development Agreement, the Area Developer must pay an Area Development Fee calculated by multiplying the total number of franchised Businesses which the Area Developer is required to establish and operate under the Area Development Agreement by the Initial

Franchise Fee of $35,000 (or $10,000) (see Item 5). Upon signing the Area Development Agreement, an Area Developer will sign a Franchise Agreement for the first franchise territory, and an initial investment as set forth above in this Item 7 will be required for that Business. Each time the Area Developer signs a new Franchise Agreement for a new franchise territory within the exclusive development area, another initial investment for a Business will be required.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all proprietary required materials from Dale Carnegie or its designee. Proprietary required materials include course materials and related materials associated with the Carnegie Programs you will conduct and which now comprise, or in the future may comprise, a part of the Carnegie System and are developed by, are proprietary to or kept secret by Dale Carnegie. See Item 6. Dale Carnegie will sell you (or arrange for a designee to sell you) all proprietary required materials at the same price as paid by other Dale Carnegie franchisees similarly situated.

Other than proprietary required materials, you may be required to purchase certain non-proprietary supplies, equipment, materials and services from an approved supplier (see information on supplier approval below). Dale Carnegie may offer to sell you non-proprietary required materials (directly or through a designee), but you have no obligation to purchase them from Dale Carnegie. If Dale Carnegie offers to sell you and you decide to purchase from Dale Carnegie, you must pay the prices Dale Carnegie (or its designee) determines and sets forth at the time of sale, in the Operations Manual and Business Model or in any other written materials. Dale Carnegie reserves the right to earn a profit from sales to you of proprietary and non-proprietary required materials. You will be under no obligation to purchase any non-proprietary required materials from Dale Carnegie. See Items 5 and 6.

Dale Carnegie estimates that purchases of required materials represent approximately 2% of the cost to establish your Business and approximately 5% of your ongoing operating expenses. Dale Carnegie is the only approved supplier for the proprietary required materials. Dale Carnegie is an approved supplier for the non-proprietary materials. For the fiscal year ended August 31, 2006, Dale Carnegie's revenues from the sale of proprietary and non-proprietary required materials to its franchisees was , or approximately of Dale Carnegie's total revenues of .

No persons affiliated with Dale Carnegie are approved suppliers of proprietary or non-proprietary materials, and no affiliates of Dale Carnegie derive income from required purchase of materials. If you purchase required materials from a third party supplier, Dale Carnegie will not receive any portion of the payments, but Dale Carnegie, Donna Dale Carnegie, the Estate of Dorothy Carnegie, and Michael Crom receive royalties from the sale of certain copyrighted books which are required materials, whether you or a member of the public buys those books. Dale Carnegie has no control over the prices charged by third party suppliers, and currently negotiates no purchase agreements with third party suppliers. Dale Carnegie provides no material benefits (for example granting additional franchises) to you based on your use of designated or approved sources (there are no designated sources other than Dale Carnegie itself). There are no purchasing or distribution cooperatives.

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

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

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

You must 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 Program materials provided by us. Each translation will be subject to Dale Carnegie's written approval. If we have already prepared translations, then we will sell them to you at no additional cost for translation. Dale Carnegie will own the copyright and all other rights in any translated Program materials, which will also be subject to the confidentiality restrictions described in the Franchise Agreement.

ITEM 9

FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THE FRANCHISE AGREEMENT AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

	Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Offering Circular
a.	Site selection and acquisition/lease	Article 7 of Franchise Agreement.	Article 2 of Area Development Agreement	Items 7 and 11
b.	Pre-opening purchases/leases	Sections 9.1 and 9.7 of Franchise Agreement.	N/A	Items 5, 6, 7, 8 and 11
c.	Site development and other pre-opening requirements	Article 7 and Section 9.1 of Franchise Agreement.	Articles 5 and 8 of Area Development Agreement	Items 7 and 11
d.	Initial and ongoing training	Sections 8.3, 8.4, 9.6 and 9.8 of Franchise Agreement.	Article 7 of Area Development Agreement	Items 6, 7 and 11
e.	Opening	Section 9.1 of Franchise Agreement.	N/A	Items 5, 6, 8 and 11
f.	Fees	Article 6 and Sections 5.4, 8.4, 8.7, 9.7, 9.14, 9.16, 11.4 and 15.2 of Franchise Agreement; Article 2 of Software License Agreement.	Article 4 and Sections 8.1 and 8.2 of Area Development Agreement	Items 5, 6, 7, 8 and 11

	Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Offering Circular
g.	Compliance with standards and policies/Operations Manual and Business Model .	Sections 8.1 9.3, 9.4, 9.7, 9.8, 9.11, 9.14, 9.15, 9.16, 10.1, 11.1, 12.1, 12.2, 16.3 and 21.1 of Franchise Agreement.	N/A	Items 7, 8, 11, 13, 15 and 16
h.	Trademarks and proprietary information	Articles 13 and 16 of Franchise Agreement.	Articles 10 and 12 of Area Development Agreement	Items 8, 12, 13, 14 and 16
i.	Restrictions on products/services offered	Sections 1.1, 2.1, 3.3, 8.4, 9.6, 9.7 and 9.15 of Franchise Agreement; Article 4 of Software License Agreement.	Article 2 of Area Development Agreement	Items 1, 5, 6, 7, 8, 12 and 16
j.	Warranty and customer service requirements	Section 9.11 of Franchise Agreement.	N/A	Items 6 and 16
k.	Territorial development and sales quotas	Section 9.10 of Franchise Agreement.	Articles 2 and 5 of Area Development Agreement	Items 11 and 12
l.	Ongoing product/service purchases	Section 9.8 of Franchise Agreement.	N/A	Items 5, 6, 7 and 8
m.	Maintenance, appearance and remodeling requirements	Sections 9.3 and 15.2(12) of Franchise Agreement.	N/A	Items 6 and 7
n.	Insurance	Article 10 of Franchise Agreement.	N/A	Items 6 and 7
o.	Advertising	Section 6.3 and Article 11 of Franchise Agreement.	N/A	Items 6, 7 and 11
p.	Indemnification	Sections 9.18, 15.2.C and 26.2 of Franchise Agreement; Section 18.02 of Software License Agreement.	Sections 8.4 and 11.2 of Area Development Agreement	Item 6
q.	Owner's participation/ management/staffing	Sections 8.4, 9.2, and 9.6 of Franchise Agreement.	Section 8.6 of Area Development Agreement	Item 15
r.	Records and reports	Article 12 and Section 6.5 of Franchise Agreement.	Section 8.5 of Area Development Agreement	Items 6 and 11
s.	Inspections and audits	Sections 9.19 and 12.2 of Franchise Agreement; Section 7.01 of Software License Agreement.	N/A	Item 6
t.	Transfer	Article 15 of Franchise Agreement; Article 8 of Software License Agreement.	Article 11 of Area Development Agreement	None
u.	Renewal	Sections 5.2, 5.3 and 5.4 of Franchise Agreement.	Section 3.3 of Area Development Agreement	Items 6 and 17
v.	Post-termination obligations	Article 19 of Franchise Agreement.	Article 15 of Area Development Agreement	Item 17
w.	Non-competition covenants	Article 14 of Franchise Agreement; Article 10 of Software License Agreement.	Article 9 of Area Development Agreement	Item 17

	Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Item in Offering Circular
x.	Dispute resolution	Articles 22 and 26 and Sections 14.4, 25.3 and 25.4 of Franchise Agreement; Article 17 of Software License Agreement.	Articles 19 and 24 and Sections 9.4, 23.3 and 23.4 of Area Development Agreement	Item 17
y.	Compliance with Laws, Rules and Regulations; No Discrimination	Section 9.5 of Franchise Agreement.	Section 8.3 of Area Development Agreement	Item 16

ITEM 10

FINANCING

Dale Carnegie does not offer direct or indirect financing. Dale Carnegie does not guarantee any obligations you may incur, including any note or lease. Since Dale Carnegie does not offer any direct or indirect financing, Dale Carnegie has no past practice or future intent of selling, assigning or discounting your financing arrangement to a third party. Dale Carnegie will not receive any direct or indirect payments from any person from the placement of financing.

ITEM 11

FRANCHISOR'S OBLIGATIONS

Except as listed below, Dale Carnegie need not provide any assistance to you.

PRE-OPENING OBLIGATIONS

Before you open your Business, Dale Carnegie will:

1. Designate your Territory Revenue Potential. (Franchise Agreement, Section 3.1)

2. Approve your Center Location and Training Facility Locations. (Franchise Agreement, Section 9.1.2) If you do not obtain Dale Carnegie's approval for a Center Location and Training Facilities within 120 days after the Effective Date of the Franchise Agreement, then Dale Carnegie may terminate the Franchise Agreement (see Item 17).

3. Designate the opening inventory of required proprietary and non-proprietary materials. See Items 5, 7 and 8. (Franchise Agreement, Section 9.1.5)

4. Furnish you with any specifications for required products and services. (Franchise Agreement, Section 9.7)

5. Sell you required proprietary and non-proprietary materials (Franchise Agreement, Section 9.8.)

6. License you its proprietary software programs and operate those programs. See below in this Item 11. (Franchise Agreement, Section 9.16)

7. Approve or disapprove any advertising, marketing, identification and promotional materials you propose within 5 business days of receipt. If Dale Carnegie does not respond in 5 business days, the material is approved. (Franchise Agreement, Section 11.3)

8. Sell you advertising copy, advertising plans and other promotional and/or advertising materials that Dale Carnegie has developed, if you desire to purchase them. (Franchise Agreement, Sections 8.7 and 11.1)

9. Sell you other optional materials, including media buying services, direct mail marketing materials or services and camera-ready advertising to be used in classified telephone directories. (Franchise Agreement, Section 8.7)

10. Furnish you with all information, instructions, techniques, data, instructional materials, forms and other operational developments pertaining to the operation of the Business which are developed and incorporated in the Carnegie System. (Franchise Agreement, Section 8.2)

11. Furnish you with those field support services Dale Carnegie considers appropriate. Dale Carnegie may provide these services in the manner it deems appropriate, including, for example, on-site, off-site, by telephone, or through other means. Timing will depend on the availability of Dale Carnegie's personnel. (Franchise Agreement, Section 8.6)

12. Specify in the Operations Manual and Business Model the electronic or written accounting and information systems, procedures, formats and reporting requirements which you must use to account for your Business, maintain your financial records and generate reports for both you and us. (Franchise Agreement, Section 8.8)

13. Conduct market research and testing to determine consumer trends and the desirability of new or modified Carnegie Programs. You must cooperate with Dale Carnegie in doing so. (Franchise Agreement, Section 8.9)

14. Either establish or suggest maximum prices above which you may not sell Carnegie Programs. Dale Carnegie will not, however, establish or advertise any minimum prices below which you may not sell Carnegie Programs. (Franchise Agreement, Section 8.10)

15. Consult periodically with elected representatives of the Dale Carnegie Franchise Association on matters of concern to franchisees, and areas of mutual concern. Despite Dale Carnegie's consultation obligations, Dale Carnegie has the sole and absolute right to make all decisions regarding all matters upon which it is obligated to consult. See below in this Item 11. (Franchise Agreement, Section 8.11)

16. Train any trainer candidates you nominate whom Dale Carnegie accepts for training. (Franchise Agreement, Section 8.4 and 9.6).

You may only permit persons who have successfully completed the Dale Carnegie trainer training program for a specific Carnegie Program and are certified by Dale Carnegie to train a specific Carnegie Program to act as trainers for that Carnegie Program. You may also secure the services of trainers whom Dale Carnegie has already trained and certified. Mr. Thomas Otley, Dale Carnegie's Senior Vice President, Global Support Services, is in charge of Dale Carnegie's trainer training program. See Item 2 for Mr. Otley's business experience. Typically, Dale Carnegie conducts the trainer training program at a location near you and your trainer candidates. Dale Carnegie conducts the trainer training program under the following procedures:

(a) Within 60 days after the Effective Date of the Franchise Agreement, you must provide us with a list of trainer candidates approved by us. We will determine (1) the number of approved trainer candidates you must provide and (2) the date of commencement, location and duration of trainer training programs for each Carnegie Program. You must enter into a written contract with the candidate, subject to Dale Carnegie's approval. The contract must contain certain required provisions which will be set forth in the Operations Manual and Business Model. Only persons who a franchisee has nominated can become a trainer candidate. There is no age requirement. If you nominate trainer candidates for training to teach the Sales Advantage or Leadership Training for Managers Programs, then the trainer candidates must have been engaged in a sales or management position, as the case may be, for the past 5 years.

(b) Before entering the trainer training program, a trainer candidate must either have served as a coaching assistant and assisted in teaching the Carnegie Programs for which the trainer is being nominated, or must re-attend those Carnegie Programs. You must also provide the trainer candidate with pre-conference training, consisting of learning the program materials, to prepare him or her to attend the training conference given by Dale Carnegie.

(c) Step one of the process is Core Competency Training. Any trainer candidate not already certified by Dale Carnegie to train in the Dale Carnegie Program or the Leadership Training for Managers or Sales Advantage programs must successfully complete three consecutive days of Core Competency Training. During Core Competency Training, candidates will be coached and assessed in their ability to demonstrate the core instructional skills required for delivering all Carnegie Programs. Trainer candidates must successfully complete Core Competency Training before moving forward to the next step of training. Core Competency Training does not require laboratory classes. The recommended number of candidates for Core Competency Training events is 10 to 18.

(d) Step two of the trainer training program is Product Endorsement Training for a specific Carnegie Program. The purpose of this training is to fine tune and assess the skills, knowledge and attitudes of the trainer candidates. The Product Endorsement Training events require trainer candidates to demonstrate their ability to deliver portions of the content of a specific Carnegie Program in a laboratory environment throughout a 4-day format. In the United States, Product Endorsement Training events are conducted with a minimum of six and a maximum of eight candidates. Product Endorsement Training events require a lab class and one Dale Carnegie Master Trainer.

The following is a summary of the Trainer Training Program:

Core Competency Training	
Day 1 (8:00 am– 5:00 pm)	
8:00 – 8:15	Welcome
8:15 – 9:00	Introduction (Partners)
9:00 – 10:00	"Power of the Incident"
10:00 – 10:15	Break
10:15 – 11:45	The Value of Recognition Incident
11:45 12:00	Debrief morning session
12:00 – 1:00	Lunch
1:00 – 1:30	Introduce Certification Assessment & Vision for Instruction
1:30 – 3:00	Facilitation
3:00 – 3:15	Break
3:15 – 3:45	Making Outcome-based Assignments

3:45 – 4:30	Workshop Time for Developing "Carnegie Moment" pres.
4:30 – 5:00	Review/Summary of the Day, Preview of Tomorrow, Evaluation of Session & Close
5:00 – 8:00	Open to one-on-one coaching for candidates by appointment, as necessary
Day 2 (8:00 am-5:00 pm)	
8:00 – 8:30	Open/Welcome to Day 2 & "Rapid Fire" Vision Exercise
8:30 – 9:30	Discussions: Summarizing, Questioning, Pacing/energy level
9:30 – 9:45	Break
9:45 – 11:15	Carnegie Moments (3)
11:15 – 12:00	Coaching Persuasive Talks
12:00 – 1:00	Lunch
1:00 – 3:00	Coaching Persuasive Talks (continued)
3:00 – 3:15	Break
3:15 – 4:45	Carnegie Moments (3)
4:45 – 5:00	Review of Day, Evaluation of Session, Preview of Tomorrow & Close
5:00 – 8:00	Open to one-on-one coaching for candidates by appointment, as necessary
Day 3 (8:00 am-5:00 pm)	
8:00 – 9:15	Open/Welcome to Day 3 & Flexibility Exercise
9:15 – 9:30	Break
9:30 – 11:00	Carnegie Moments continued (3)
11:00 – 11:45	Human Relations Principles Exercise
11:45 – 12:00	Debrief the morning – volunteer Assign – Inspirational talk
12:00 – 1:00	Lunch
1:00 – 2:00	Carnegie Moments (2)
2:00 – 2:15	Break
2:15 – 2:30	Inspiration Talk/Business Issues
2:30 – 4:15	Inspirational Talks/Responding
4:15 – 4:45	Breakthrough Reports
4:45 – 5:00	Close

Product Endorsement Training	
Day 1 (8:00 am-7:00 pm)	
8:00 – 8:10	Welcome and introductions
8:10 – 8:20	Discuss event objectives
8:20 – 9:10	Practice Session 1A — Foundation for Success
9:10 – 10:00	Practice Session 1B — Create a Vision
10:00 – 10:15	Break
10:15 – 11:05	Practice Session 2B — Develop Courage
11:05 11:55	Practice Session 3A — Commit to Strengthen Relationships
11:55 – 12:45	Practice Session 2A — Remember Names
12:45 – 1:45	Lunch
1:45 – 2:00	Greet participants as they arrive
2:00 – 6:00	Lab Class
6:00 – 7:00	Debrief and assign next day
Day 2 (8:00 am-7:00 pm)	
8:00 – 8:10	Welcome and open
8:10 – 9:00	Practice Session 3B — Increase Self-confidence
9:00 – 9:50	Practice Session 4A — Set Breakthrough Goals
9:50 – 10:40	Practice Session 4B — Recognize Achievements

10:40 – 10:55	Break
10:55 – 11:45	Practice Session 5A — Commit to Enthusiasm
11:45 - 12:35	Practice Session 8A — Realize the Power of Recognition
12:35 – 1:35	Lunch
1:35 – 2:00	Greet participants as they arrive
2:00 – 6:00	Lab Class
6:00 – 7:00	Debrief and assign next day
Day 3 (8:00 am-7:00 pm)	
8:00 – 8:10	Welcome and open
8:10 – 8:45	Practice Building Business Relevancy
8:45 -9:35	Practice Session 6A — Make Our Ideas Clear
9:35 - 10:25	Practice Session 6B — Crash Through Barriers
10:25 – 10:40	Break
10:40 – 11:30	Practice Session 10B — Overcoming Worry
11:30 – 12:20	Practice Session 7A — Strengthen Relationships
12:20 – 1:20	Lunch
1:20 – 1:45	Preparation
1:45 – 2:00	Greet participants as they arrive
2:00 – 6:00	Lab Class
6:00 – 7:00	Debrief and assign next day
Day 4 (8:00 am-7:00 pm)	
8:00 – 8:10	Welcome and open
8:10 – 8:45	Practice Building Business Relevancy
8:45 -9:35	Practice Session 8B — Increase Enthusiasm
9:35 - 10:25	Practice Session 10A — State Our Opinions
10:25 – 10:40	Break
10:40 – 11:30	Practice Session 11B — Inspire Others
11:30 – 12:20	Practice Session 12B — Celebrate Breakthrough Results
12:20 – 1:20	Lunch
1:20 – 1:45	Preparation
1:45 – 2:00	Greet participants as they arrive
2:00 – 6:00	Lab Class
6:00 – 7:00	Debrief and assign next day

(e) The cost for the trainer training programs for the initial group of approved trainer candidates you must provide under the Franchise Agreement will consist of training credits equal to one-half the franchise fee to be used to conduct the certification events, which is included in the Initial Franchise Fee. 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. For any additional trainer candidate(s) who attend a trainer training program during the term of the Franchise Agreement, you must pay Dale Carnegie the cost for the trainer training program(s), which will be as described in the Operations Manual and Business Model. You must pay all expenses incurred by you and your trainer candidates in connection with any and all trainer training programs, including, but not limited to, transportation costs, meals, lodging and other living expenses (although you are free to pass these costs and expenses on to your trainer candidates). Typically, trainer training fees for the trainer training program are calculated at cost based upon the number of trainer candidates as of the registration deadline date, and are split evenly between all franchisees who have trainer candidates attending the event. Costs include Dale Carnegie's Master Trainer's fee, transportation, lodging, meals, any room rental fees, a credit to the Master Trainer's home franchisee, materials and shipping (unless the materials are downloaded electronically from Dale Carnegie's Product Library). Dale Carnegie estimates that the cost per trainer candidate for a Core Competency Training event and for a Product Endorsement Training event (both of which are needed if a trainer candidate is not already certified as a trainer in a Carnegie Program), each attended by 10 trainer candidates, ranges from approximately $1,100 to $2,000 per event. Dale Carnegie estimates that the cost per trainer candidate for a Product Endorsement Training event (which is the only required training for a trainer certified in one or more Carnegie Programs to be certified in an additional Carnegie Program) attended by 10 trainer candidates' ranges from approximately $1,100 to $1,500.

(f) Any trainer already certified by Dale Carnegie to train a particular Carnegie Program need not attend another Core Competency Training event to be trained in another Carnegie Program.

(g) Core Competency Training and Product Endorsement Training preparation guides have been developed and are available on the Product Library Discussion Area of Dale Carnegie's e-mail system for the candidates and their local coaches. The guides will assist candidates in preparation for core competency and product endorsement events. Local utilization of these guides will be critical to the success of the candidates. The guides and lab class manuals will be available electronically, at no cost, through the e-mail system. This will allow the preparation guides to be downloaded and used locally at any time. If a franchisee would prefer to have hard copies of the guides, Dale Carnegie's Product Development Department can provide them for the cost of production, plus shipping. The guides will include workshops that can be conducted locally to help in preparation of trainer candidates. The guides will also define the expected performance standards. Trainer candidates who do not meet the performance standards will be asked to repeat the certification event at full fee.

(h) If Dale Carnegie determines that a particular trainer candidate has successfully completed the required training in a Carnegie Program, Dale Carnegie will issue a Certificate of Achievement authorizing that person to conduct that program. Certification to instruct specific Carnegie Programs is for a period of duration as described in the Operations Manual and Business Model. Certified trainers must attend a refresher event annually and a certification renewal event every three years for those Carnegie Programs that Dale Carnegie authorizes them to teach. You or one of your trainers must conduct the refresher events, using materials which Dale Carnegie supplies at no additional charge to you. Dale Carnegie will occasionally host regional refreshers at no additional charge to you. We will determine and notify you of the date, location and duration of certification renewal events, and will conduct these events at no charge to you. You must pay all of your expenses and the expenses of your trainers associated with refreshers and certification renewals, including, for example, transportation costs, meals, lodging and other living expenses.

(i) Dale Carnegie requires the recertification of trainers in one or more of the Carnegie Programs, usually when Dale Carnegie changes or updates a course. You must pay the travel and living costs of your trainers related to their attending a recertification program. Dale Carnegie will pay the salary and expenses of its trainer trainers without charge to you. When recertification is necessary, Dale Carnegie or a franchisee may host the recertification program. You, another franchisee or another trainer may teach the recertification program, if Dale Carnegie has already recertified the person teaching the recertification program. Dale Carnegie does not charge you a fee for having a trainer attend a recertification program. Dale Carnegie will not require a trainer who is recertified in any Carnegie Program to attend a refresher during the year of recertification. When a trainer cannot attend a recertification course for some reason, Dale Carnegie will permit a "tandem," where the trainer to be recertified may teach the course jointly with a trainer that has already been recertified. In this manner, the trainer may become recertified.

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

17. Lend you one copy of the Operations Manual and Business Model upon the signing of a Letter of Intent. You must surrender all copies of the Operations Manual and Business Model to Dale Carnegie upon request. You must strictly comply with the terms of the Operations Manual and Business Model in operating your Business. Dale Carnegie may change the Operations Manual and Business Model and you must comply with these changes. If you lose or destroy the Operations Manual and Business Model, you must pay Dale Carnegie $1,000 and Dale Carnegie will lend you another copy of the Operations Manual and Business Model. (Franchise Agreement, Section 8.1) The table of contents of the Operations Manual and Business Model as of the date of this offering circular is as follows:

		Topic	Number of Pages
I.	INTRODUCTION		
	1.	Welcome to Dale Carnegie®	1
II.	HISTORY		
	1.	Our History	2
	2.	Chronology	5
III.	CODE OF ETHICS		
	1.	Code of Ethics	2
IV.	ORGANIZATION		
	1.	Values, Vision and Mission	1
	2.	Organizational Structure	7
	3.	Department Overviews	7
	4.	Map of Operations	1
V.	THE FRANCHISEE/FRANCHISOR RELATIONSHIP		
	1.	The Business Relationship	4
	2.	Initial Training Program and On-Site Training	1
VI.	BUSINESS MODELS		
	1.	Franchise Model	5
	2.	Financial Model	1
	3.	The Dale Carnegie Training® Offerings	2
VII.	TRAINER DEVELOPMENT AND DELIVERY		
	1.	Preparing Candidates for Certification	2
	2.	Trainer Certification Process	3
	3.	Post Certification Development and Support	2
	4.	Renewal	1
	5.	Conducting Courses	4
	6.	Accreditation	4
	7.	Local Authored Materials & Product Tailoring	3
	8.	Organizational Development Team	2
	9.	Carnegie University	1
	10.	Global Support Services Contact Numbers	1
VIII.	MARKETING PLAN		
	1.	Market Analysis	2
	2.	Competitive	2
	3.	Target Market	2