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Huntington LEARNING CENTER®

HUNTINGTON LEARNING CENTERS, INC.
FRANCHISE OFFERING CIRCULAR

Document Number: ______________________________

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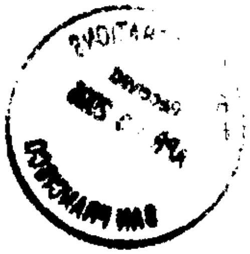

Huntington Learning Centers, Inc.
A Delaware corporation
496 Kinderkamack Road
Oradell, New Jersey 07649
(201) 261-8400

The franchisee will operate a Huntington Learning Center to provide Learning Center Services and Exam Preparation Services principally to school-aged children.

The Initial Franchise Fee is $40,000. If you enter into a development agreement with the Franchisor, the development fee is $10,000 for each franchise to be developed under the development agreement. There are also the following initial fees or payments, described in Item 5: a software license fee of $12,000, a phone number installation charge of $500, and a school visit fee of $800/day for up to 4 days. The estimated initial investment to open a Huntington Learning Center will range from $160,070 to $281,600.

Risk Factors:

THE FRANCHISE AGREEMENT PERMITS YOU TO SUE THE FRANCHISOR ONLY IN THE STATE WHERE THE FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS AT THE TIME YOU BRING THE LAWSUIT. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE THE FRANCHISOR IN THE FRANCHISOR'S STATE THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE FRANCHISE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

THE FRANCHISE AGREEMENT REQUIRES THAT YOU WAIVE ANY RIGHT YOU MAY HAVE TO A TRIAL BY JURY.

Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit P to this Offering Circular or your public library for sources of information.

If you learn that anything in this Offering Circular is untrue, contact the Federal Trade Commission and state administrators listed in Exhibit P to this Offering Circular.

Issuance date: April 1, 2006
Effective date:
State: California

Document Number:

INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY THE FEDERAL TRADE COMMISSION

Huntington Learning Centers, Inc.
A Delaware corporation
496 Kinderkamack Road
Oradell, New Jersey 07649
(201) 261-8400

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW.

THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

Federal Trade Commission
Washington, D.C. 20580

Effective date: April 1, 2006

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AMENDMENT TO THE HUNTINGTON LEARNING CENTERS, INC. OFFERING CIRCULAR REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, the parties to the Huntington Learning Centers, Inc. Franchise Agreement agree as follows:

Item 17 of the Offering Circular shall be supplemented by the addition of the following language:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement, Development Agreement, Software License Agreement, Phone Number License Agreement, Call Center License Agreement, Conference Service License Agreement, or School Services Amendment contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement, Development Agreement, Software License Agreement, and Phone Number License Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement, Software License Agreement, and Phone Number License Agreement contain a covenant not to compete which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

The Franchise Agreement, Development Agreement, Software License Agreement, Phone Number License Agreement, Call Center License Agreement, Conference Service License Agreement, and School Services Amendment require you to sue the Franchisor where it has its principal place of business, which is currently New Jersey, with the costs being borne by the losing party. These provisions may not be enforceable under California law.

The Franchise Agreement, Development Agreement, Software License Agreement, Phone Number License Agreement, Call Center License Agreement, Conference Service License Agreement, and School Services Amendment require application of the laws of New Jersey. These provisions may not be enforceable under California law.

IN WITNESS WHEREOF, you and the Franchisor have executed this Amendment on the following date: ________

For Huntington Learning Centers, Inc.,

Raymond J. Huntington		Chairman
Print name	Signature	Title

Name of Franchisee: ______________________________

For the Franchisee *(This is executed by all individuals comprising the Franchisee, if the Franchisee is an individual; or all officers of the corporation, if the Franchisee is a corporation; or all partners or members, if the Franchisee is a partnership or limited liability company.)*

Print name	Signature	Title

Print name	Signature	Title

Huntington LEARNING CENTER

AMENDMENT TO THE HUNTINGTON LEARNING CENTERS, INC. FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, the parties to the Huntington Learning Centers, Inc. Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Paragraph 17.3 of the Franchise Agreement shall be supplemented by the addition of the following language at the end of the Paragraph:

   This Paragraph 17.3 may not be enforceable under California law.

2. Paragraph 26.4 of the Franchise Agreement shall be supplemented by the addition of the following language at the end of the Paragraph:

   The parties agree that this Paragraph 26.4 shall not limit claims arising under Sections 31300 through 31306 of the California Franchise Investment Law, all of which shall be governed by the applicable state statutes

3. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, you and the Franchisor have executed this Amendment to the Franchise Agreement on the following date: ______________________________

For Huntington Learning Centers, Inc.,

Raymond J. Huntington		Chairman
Print name	Signature	Title

Name of Franchisee: ______________________________

For the Franchisee *(This is executed by all individuals comprising the Franchisee, if the Franchisee is an individual; or all officers of the corporation, if the Franchisee is a corporation; or all partners or members, if the Franchisee is a partnership or limited liability company.)*

Print name	Signature	Title
Print name	Signature	Title
Print name	Signature	Title
Print name	Signature	Title
Print name	Signature	Title

Huntington LEARNING CENTER

AMENDMENT TO THE HUNTINGTON LEARNING CENTERS, INC. DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, the parties to the Huntington Learning Centers, Inc. Development Agreement (the "Development Agreement") agree as follows:

1. Paragraph 10.4 of the Development Agreement shall be supplemented by the addition of the following language at the end of the Paragraph:

> The parties agree that this Paragraph 10.4 shall not limit claims arising under Sections 31300 through 31306 of the California Franchise Investment Law, all of which shall be governed by the applicable state statutes.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, you and the Franchisor have executed this Amendment to the Development Agreement on the following date: ______________________________

For Huntington Learning Centers, Inc.,

Raymond J. Huntington		Chairman
Print name	Signature	Title

Name of Developer: ______________________________

For the Developer *(This is executed by all individuals comprising the Developer, if the Developer is an individual; or all officers of the corporation, if the Developer is a corporation; or all partners or members, if the Developer is a partnership or limited liability company.)*

Print name	Signature	Title
Print name	Signature	Title
Print name	Signature	Title
Print name	Signature	Title
Print name	Signature	Title

ITEM 1. THE FRANCHISOR, ITS PREDECESSORS, AND AFFILIATES

"Franchisor" means Huntington Learning Centers, Inc., the Franchisor. "You" means the person who buys the franchise, who may be an individual, a corporation, a partnership, a limited liability company, or a limited liability partnership. "Franchisee Member" means each owner of any interest in you, if you are a corporation, partnership, or limited liability company. This Offering Circular summarizes portions of the Franchise Agreement, Development Agreement, Software License Agreement, Phone Number License Agreement, Call Center License Agreement, Conference Service License Agreement, School Services Amendment, and other related agreements contained in Item 22, below; be sure to read them. Before making any decision to enter into the Franchise Agreement, read this Offering Circular and all its exhibits.

The Franchisor, Its Predecessors and Affiliates

The Franchisor is a corporation incorporated on February 25, 1985 in Delaware. The Franchisor does business as Huntington Learning Center and under no other name. The principal business address of the Franchisor and its predecessors is 496 Kinderkamack Road, Oradell, New Jersey 07649. The Franchisor grants franchises to establish and operate Huntington Learning Centers and has done so since February 25, 1985. The Franchisor does not itself own or operate a business of the type being franchised and has never done so. The Franchisor does not offer franchises in any other line of business. The Franchisor and its predecessors offer supplemental educational programs directly to schools throughout the United States. See Government Programs below in this Item 1. The Franchisor's agents for service of process are disclosed in Exhibit P to this Offering Circular.

The Franchisor's predecessor is Huntington Learning Corporation. The predecessor has granted the Franchisor a license to use and exploit the System, defined below, and a license to use and exploit certain of its assets, including the Mark, "Huntington Learning Center". Northern New Jersey Learning Center, Inc., which was founded in 1977 and merged into the predecessor in 1991, operated the first Huntington learning center under the name "The Learning Center". Huntington Learning Corporation has operated Huntington Learning Centers since March 4, 1981. The Franchisor's predecessor has not, and, as of the date of this Offering Circular, does not, offer franchises in any line of businesses. The Franchisor has no affiliates required to be disclosed in this Item 1.

The Franchise Offered

Huntington Learning Center

A "Huntington Learning Center" is a business operated at a physical location attended by customers that offers Huntington Services under the Marks and System. The Franchisor offers you a franchise to establish and operate under a Huntington Learning Centers, Inc. Franchise Agreement a Huntington Learning Center ("Franchised Center").

Huntington Services

"Huntington Services" are those services and products, described in the Franchisor's confidential operating manual (the "Manual") or authorized in writing by the Franchisor, that are provided personally to customers attending a Huntington Learning Center, including Learning Center Services and Exam Preparation Services. Learning Center Service is individualized instruction in reading, phonics, study skills, mathematics, and related areas provided personally to customers attending a Huntington Learning Center. Exam Preparation Services consists of tutoring provided personally to customers attending a Huntington Learning Center to prepare them for standardized entrance examinations, including the SAT and ACT. "SAT" refers to the SAT I, a standardized college admissions tests created by the College Board, Inc. "ACT" refers to the ACT Assessment, a standardized college admissions test created by ACT, Inc.

The Marks

The Marks are certain trade names, service marks, trademarks, logos, emblems, trade dress, and indicia of origin, including the mark, Huntington Learning Center, as are now designated or as may in the future be designated by the Franchisor in writing for use in connection with the System.

The System

The System, which is identified by the Marks, is the learning center and exam preparation format and operating system designed to provide uniform, high quality instruction in a personal and professional manner on which the Franchisor has expended time, effort, and money to develop. The System consists of uniform standards and procedures for the marketing and operation of, and procedures, business practices, and management methods for, a Huntington Learning Center, which include use of the Marks and the offer and sale of Huntington Services; preparation of customer and school contacts lists; testing and instructional materials; procedures for student administration; sales and marketing materials, curricula and instructional materials; computer software; procedures for staff recruitment and training; training for you and your full-time or part-time employees; standards and specifications for inventory, supplies, equipment, furniture, and fixtures for a Huntington Learning Center; standards and specifications for the construction and decoration of a Huntington Learning Center; promotional materials; marketing and advertising techniques and materials; design specifications; and accounting, business, and administrative systems (including accounting, bookkeeping, payroll, cash control, and finance procedures and systems); all of which may be changed, improved, and developed by the Franchisor.

Franchised Center Location

You will select your Franchised Center location, but the Franchisor approves it. Typical locations are in suburban areas in retail locations, although some are located in professional office buildings. The typical Huntington Learning Center is on the ground floor and has approximately 2,000 to 2,500 square feet of floor space.

Software and Phone Number

The Franchisor has developed and owns computer software known as the "Learning Center Operations System" (sometimes abbreviated as "LCOS") for use in the System as of the date of this Offering Circular, and has the right to develop other versions of the software, or other software, for use in the System (the "Software"). The Franchisor has the right to use the phone number, 1-800-CAN LEARN (1-800-226-5327), (the "Phone Number"). You must license the Software by executing the Software License Agreement in Exhibit C to this Offering Circular; and you must license the Phone Number by executing the Phone Number License Agreement in Exhibit D to this Offering Circular.

Development Agreement

In certain geographic areas, the Franchisor also grants the right to develop one or more Franchised Centers within a specified development area under a development agreement (the "Development Agreement"). You must sign a separate Franchise Agreement for each Franchised Center established under the terms of the Development Agreement. See Items 5, 9, and 12.

Government Programs

No Child Left Behind Act of 2001

The federal government has enacted the No Child Left Behind Act of 2001, as amended (the "NCLB Act"), which provides federal funding for supplemental educational services. The Franchisor and its predecessors have developed a program of instruction to provide educational services in connection with the NCLB Act (the "NCLB Program").

Under the Franchise Agreement, only the Franchisor and its affiliates have the right, but not the obligation, to apply, and to obtain approval, to provide educational services in connection with any local, state, or federal government program, including the NCLB Act and to provide these educational services.

Approved Supplemental Educational Services Provider

In connection with the NCLB Act, the Franchisor or its predecessor may apply to a state for the status of a state approved supplemental educational services provider. To provide these educational services, the Franchisor or its predecessor enters into a contract with local education agencies for it or its designees (the "School Services Contract").

As of December 31, 2005, the Franchisor or its predecessors were approved as providers in the District of Columbia and 36 states. (See Exhibit Q to this Offering Circular.).

You will not have the right to apply to provide, or provide educational services in connection with the NCLB Act or any other local, state, or federal government educational program, without the Franchisor's prior written approval. Also see Item 12.

School Services Amendment

The Franchisor may offer you the limited and non-exclusive right to participate in the NCLB Program under a separate amendment to your Franchise Agreement (the "School Services Amendment"). The current form of this amendment is attached to this Offering Circular as Exhibit G. The School Services Amendment grants you the limited and non-exclusive right and obligation to perform the Franchisor's obligations under the applicable School Services Contract entered into by the Franchisor ("School Services"). The School Services Amendment grants additional rights and contains terms substantially different from those in the Franchise Agreement.

You are not obligated to enter into any School Services Amendment or to participate in the NCLB Program and the Franchisor is not obligated to give you the opportunity to do so. If you wish to participate in the NCLB program, you may do so only if the Franchisor has been approved as a provider in the state where you will provide School Services and you have met all of the requirements under the NCLB Act and state and local law and the criteria required by the Franchisor to participate in the NCLB Program. These criteria include financial, managerial, and experience qualifications. In the future, the Franchisor may offer franchises for this program, instead of offering School Services Software Amendments. See Item 12, below.

As of December 31, 2005, the Franchisor had entered into 65 School Services Amendments with certain of its franchisees. Exhibit M to this Offering Circular lists these franchisees.

Market; Competition

Huntington Services are generally sold to parents of school-aged children. The general market for the services you will render is developing and is characterized by increasing competition. Many others offer services that compete with Huntington Learning Centers, including persons, tutoring centers, learning centers, exam preparation centers, schools, colleges, and other individuals, companies, and organizations. The Franchisor is sometimes considered part of the education industry, an industry recognized by various observers, including investment analysts and brokerage houses like Lehman Brothers, NationsBank Montgomery Securities, Piper Jaffray, and Salomon Smith Barney.

Regulations

Federal, State, and Local Regulations

The federal government, state governments, regulatory bodies, and others may regulate Learning Center Services and Exam Preparation Services now or in the future. Under the Franchise Agreement, you must comply with all applicable laws and regulations. You should investigate all of these laws and regulations.

Huntington Services are regulated by certain states, including, for example, Pennsylvania and New Hampshire. State or local governments or agencies may regulate the facility within which instruction is provided, the curricula and materials used for instruction, the individuals providing and managing the instruction, and the administrative procedures. For example, your state or municipality may require a fire exit or panic bars on the exit doors, separate male and female bathrooms, sprinklers, or that certain individuals possess specific certification, like that of a reading specialist. Most states regulate teachers. Pennsylvania and New Hampshire and possibly other states have regulations affecting Huntington Services under laws governing nursery schools. Some municipalities may classify your Franchised Center as a school for zoning purposes. This may increase the cost of improving your Franchised Center premises.

Council of Chief State School Officers; Council of Ministers of Education, Canada

The Council of Chief State School Officers is one source for the names, addresses, and phone numbers of the public officials who head the departments of elementary and secondary education in the 50 states, the District of Columbia, and five extra-state jurisdictions. Its address and phone number are: One Massachusetts Avenue, NW, Suite 700, Washington, DC 20001-1431, 202-336-7000. The Council of Ministers of Education, Canada is one source for the names, addresses, and phone numbers of the public officials who head the departments of elementary and secondary education in the provinces of Canada. Its address and phone number are: 95 St. Clair Avenue West, Suite 1106 Toronto, Ontario M4V 1N6 Telephone: (416) 962-8100. Exhibit O to this Offering Circular lists each United States state's department of education and each Canadian province's education minister. Your business is affected by other laws that apply to business generally, including labor laws, insurance requirements, business licensing laws, and tax regulations.

ITEM 2. BUSINESS EXPERIENCE

The following is a list of the Franchisor's directors, principal officers, and other executives who have management responsibility in connection with the franchises offered by this offering circular and their principal occupations and employers during the last 5 years. Unless otherwise specified, the location of each employee is the Franchisor's headquarters in Oradell, New Jersey.

Chairman: Raymond J. Huntington, Ph.D.

Dr. Huntington has occupied this position since February 2002. From 1977 to 2002, he was President of Huntington Learning Centers, Inc.

Secretary, Director, and Chief Operating Officer: Eileen C. Huntington

Mrs. Huntington has occupied the positions of Secretary and Director since 1977. In addition, she was Vice President of Huntington from 1977 until July 2003, when she became Chief Operating Officer.

Chief Executive Officer: J.J. Sorrenti

Mr. Sorrenti has occupied this position since September 2005. From March 2003 to July 2005, he held the position of Senior Vice President and General Manager for GNC Franchising, LLC. From November 2002 until March 2003, he held the position of Senior Vice-President, Stores for GNC, Inc. From November 2000 to November 2002, he held the position of the Vice-President, Franchising for GNC Franchising, Inc. From November 1999 to October 2000, he held the position of Chief Operating Officer for the franchising division of Nevada Bob's Golf in Calgary, Alberta, Canada.

Chief Financial Officer: James Emmerson

Mr. Emmerson has occupied this position since 1997.

Vice President - Business Development: Russell Miller

Mr. Miller was promoted to his position in October 2003. From October 2001 to September 2003, he was Vice President - Franchise Development for the Franchisor. From July 1999 to September 2001, he was Vice President - Company Centers for an affiliate of the Franchisor, and from July 1995 to June 1999 he was Vice President - Operations for the Franchisor.

Director Franchise Development: Karen Emerzian

Ms. Emerzian has occupied this position since January 2004. From November 2001 to December 2003, she held the position of Manager, Corporate Training for Solartech. From August 2000 to October 2001, she held the position of Senior Account Manager for Track On Technical Education Centers. From 1987 to 1999, she held the position of Senior Account Manager for Chubb Computer Services.

Director, Franchise Development: Tiffini Carvell

Mrs. Carvell has occupied this position since March 2005. From January 2003 to September 2004, she was the Director of Franchise Sales for Jocelli Pizza. From July 1995 to January 2002, she was a Franchise Sales Manager for Papa Murphy's International. Mrs. Carvell is located in Pittsburg, Pennsylvania.

Director, Franchise Development: Janet Diaz

Ms. Diaz has occupied this position since January 2006. From July 2005 to December 2005, she was a Conference Consultant for the Franchisor. From April 2002 to June 2005, she was a Center Director for an affiliate of the Franchisor. From October 1999 to March 2002, she was a Director at the School for Language and Communication Development. Mrs. Diaz is located in Florida.

Director, Franchise Development: Robert Nunn

Mr. Nunn has occupied this position since July 2005. From December 2004 to June 2005, He was the Director of Franchise Development for The Cleaning Authority. From March 2004 to October 2004, he was Vice President of US Franchise Development for Dial-A-Husband. From May 1994 to April 2004, he was Director of Franchise Development for Signs By Tomorrow.

Vice President - Franchise Operations: Larry Liskiewicz

Mr. Liskiewicz has occupied this position since September 2004. From February 2001 to August 2004, he was Director of Franchise Operations for the Franchisor. From November 1998 to February 2001, he was Franchise Operations Manager for the Franchisor. From July 1998 to November 1998 he was a Corporate Center Operations Manager for an affiliate of the Franchisor. From 1996 to July 1998, he was Branch Manager for Kumon USA in Teaneck, NJ. From 1994 to 1996, he was Regional Manager for Kumon USA in Teaneck, NJ.

Vice President - Company Center Operations: Lisa Mlinar

Ms. Mlinar has occupied this position since March 2002. From June 2000 through February 2002, she was Director of Educational Resources for the Franchisor. From November 1999 to May 2000, she was the National Manager of Company Center Development for an affiliate of the Franchisor. From November 1997 to October 1999, she was the National Manager of Franchise Operations for the Franchisor.

Director - School Services: Juliana DeLucca

Ms. DeLucca has occupied this position since October 2005. From August 2004 to September 2005, she was Manager - School Services for the Franchisor. From January 2003 to July 2004, she was the NCLB Coordinator for the Franchisor. From October 2000 to December 2002, she was a Center Director for an affiliate of the Franchisor. From August 2000 to September 2000, she was a Managing Director for an affiliate of the Franchisor. From April 2000 to July 2000, she was a Management Trainee for an affiliate of the Franchisor.

Director of Marketing and Advertising: Laura Gehringer

Ms. Gehringer has occupied this position since April 2003. From March 1996 to February, 2001, she was Director of Marketing – Customer Loyalty for Popular Club Plan, Inc. From October, 1990 to March 1996, she was Marketing Manager – New Account Acquisition - for Popular Club Plan, Inc.

Executive Director, Support Services; and Director of Training: Beverly Collins

Ms. Collins has occupied this position since December 2004. From February 1999 to 2004, she was Director of Educational Development for the Franchisor. From 1990 to 1999, she was Director of Training and Curriculum for the Franchisor. From 1982 to 1989, she was a Regional Director for an affiliate of the Franchisor. From 1982 to 1983, she was a Center Director for an affiliate of the Franchisor. From 1981 to 1982, she was an Assistant Director for an affiliate of the Franchisor.

Director of Educational Development: Natalie Chimento

Ms. Chimento has occupied this position since January 2005. From 2004 to January 2005, she was Educational Development Supervisor for the Franchisor. From August 2002 to December 2003, she was LCOS Operations Manager for the Franchisor. From April 2001 to July 2002, she was Center Director for an affiliate of the Franchisor. From September 2000 to May 2001, she was Assistant Company Center Operations Manager for the Franchisor. From May to October 2000, she was Managing Director for an affiliate of the Franchisor. From June 1999 to April 2000, she was Assistant Director of Administration for an affiliate of the Franchisor.

Director of Conference Services: Maura Shannon,Ph.D.

Dr. Shannon has occupied this position since January 2006. From March 2000 until December 2005, she was the Director of Training for the Franchisor. From September 1997 to March 2000, she was a Trainer for the Franchisor. From December 1995 to September 1997, she was a Center Director for an affiliate of the Franchisor.

Franchise brokers

The Franchisor has various franchise brokerage arrangements with the individuals in Exhibit N to this Offering Circular. See Exhibit N for information on these individuals.

ITEM 3. LITIGATION

Huntington Learning Centers, Inc. v. The Association of Remedial Educators Franchisee Trust, American Arbitration Association, Case No. 13-199-12302-02. The Association of Remedial Educators Franchisee Trust (the "ARE Trust") is a group representing certain franchisees of the Franchisor. The Franchisor and the ARE Trust entered into a settlement agreement dated September 10, 2001 (the "Initial Settlement Agreement"), which was signed in connection with the matter described in Item 4 of this Offering Circular. Under the Initial Settlement Agreement, a third-party accounting firm was retained by the Franchisor and the ARE Trust to perform an audit of the Franchisor's Advertising Fund (the "Ad Fund") for the period January 1, 1995 through September 30, 2001 (the "Audit Period"). The draft audit report issued by the accounting firm presented as conclusions various scenarios under which it opined that the Franchisor would owe money to the Ad Fund as of September 30, 2001. The Franchisor believes the report's conclusions are erroneous and based on unfounded assumptions and incorrect interpretations of language in the Franchisor's franchise agreements in effect during the Audit Period.

Accordingly, the Franchisor filed a Demand for Arbitration against the ARE Trust on September 26, 2002 requesting, among other things, a decision by the arbitrator as to any money owed by the Franchisor to the Ad Fund for the Audit Period and asserting that the ARE Trust violated the Initial Settlement Agreement by failing to negotiate in good faith with the Franchisor regarding certain other issues described in the Initial Settlement Agreement. On February 28, 2003, the Franchisor filed an Amended Demand for Arbitration. In its Amended Demand, the Franchisor contested the conclusions of the audit report and requested (1) a decision by the arbitrator as to (a) any money owed by the Franchisor to the Ad Fund for the Audit Period and (b) allocation of the expenses of the audit and this arbitration action and (2) enforcement of the agreement between the ARE Trust and the Franchisor that the accounting firm's report not be disseminated.

Also on February 28, 2003, the ARE Trust filed a Response and Counterclaims (the "Response") to the Franchisor's original Demand. In its Response, the ARE Trust denied that it violated the Settlement Agreement or that it failed to negotiate in good faith with the Franchisor, and claimed that the Franchisor (1) failed to (a) make the required contributions to the Ad Fund for its company-owned learning centers during the Audit Period or made unauthorized use of Ad Fund monies, (b) provide certain information and records to the accounting firm, and (c) purchase advertising with the monies allegedly owed to the Ad Fund or to distribute those monies to members of the ARE Trust so they could purchase their own advertising; and (2) violated the Settlement Agreement by failing to negotiate in good faith with the ARE Trust. The ARE Trust requested (1) dismissal of the causes of action brought against it by the Franchisor, (2) an order directing the Franchisor to submit to the accounting firm the materials the ARE Trust claims have not been produced, (3) a determination as to any money owed by the Franchisor to the Ad Fund for the Audit Period, (4) an order directing the Franchisor to pay the monies allegedly owed to the Ad Fund, with interest, (5) damages in an amount to be determined, but which the ARE Trust claimed is in excess of $20,000,000, for the Ad Fund's loss of use of the monies allegedly owed to it by the Franchisor, (6) a determination that (a) the expenses of the audit be allocated to the Franchisor, (b) the Franchisor failed to negotiate in good faith and an award of damages for that alleged failure and (c) the ARE Trust's attorneys' fees and the expenses of this action be allocated to the Franchisor. On March 26, 2003, the ARE Trust filed an Amended Response and Counterclaims which it claimed addresses the Franchisor's Amended Demand for Arbitration. The ARE Trust's Amended Response and Counterclaims are restatements of the earlier filed counterclaims.

The Franchisor filed a Verified Petition in the Supreme Court of the State of New York (<u>Huntington Learning Centers, Inc. v. The Association of Remedial Educators Franchisee Trust</u>, S. Ct. of the State of New York, Index No. 601148/03) on April 11, 2003, requesting, among other things, that the Court permanently stay the arbitration of the $20,000,000 damages claim as being beyond the scope of the arbitration clause in the Initial Settlement Agreement. On May 14, 2003 the ARE Trust filed an Opposition to the Franchisors' Verified Petition. On July 29, 2003, the Court issued a Memorandum Decision, which granted the Franchisor's request for a stay of the arbitration of the counterclaim to the extent that it sought damages representing the diminished revenues of ARE Trust members, because the consolidated claims for which the ARE Trust sought arbitration went beyond the scope of the arbitration clauses contained in the Initial Settlement Agreement.

On January 18, 2005, the parties settled all disputes between them by entering into another settlement agreement (the "Final Settlement Agreement"). Under the terms of the Final Settlement Agreement, the parties agreed the Franchisor fully complied with the terms of the Initial Settlement Agreement; neither party admitted any liability or wrongdoing; the Franchisor received full general releases from the ARE Trust, the Association of Remedial Educators ("ARE"), all ARE members (except Peter and Marsha Hanson, Futuredge LLC, and Altaf Kagalwalla); the Franchisor released the ARE Trust from all claims relating to the Initial Settlement Agreement or pending actions; all pending arbitrations and lawsuits between (1) the Franchisor, (2) the ARE Trust, and (3) Mark Schulman, among other parties, have been dismissed; and the Franchisor paid $1,050,000 to the Ad Fund.

Mark Schulman v. Huntington Learning Centers, Inc., American Arbitration Association, Case No. 13-114-00236-01. On approximately March 12, 2001, Mark Schulman, a franchisee of the Franchisor, filed a Demand for Arbitration against the Franchisor. Mr. Schulman contended the Franchisor breached its franchise agreement and the implied covenant of good faith and fair dealing, and an alleged fiduciary duty owed to each of them, by (a) spending over 10% of the monies in the Advertising Fund on administrative costs and overhead related to the Franchisor's administration of the Advertising Fund; and (b) spending Advertising Fund monies on activities other than those approved under the franchise agreement. Mr. Schulman sought damages in an unspecified amount, along with attorneys' fees and costs. This arbitration has been withdrawn under the Final Settlement Agreement described above. Mr. Schulman has executed a general release of all claims he might have against the Franchisor.

Raymond E. Warrick, Jr. v. Huntington Learning Centers, Inc., U.S. District Court for the S.D. of Ohio, Case No. C-1-03-527. On July 24, 2003, plaintiff Robert E. Warrick, Jr., a Huntington franchisee, filed a Complaint against the Franchisor, claiming that the Franchisor had made certain fraudulent statements or misrepresentations which induced plaintiff to purchase his two Franchised Centers, which had been operating as company-owned units. Plaintiff alleged, among other things, that the Franchisor misrepresented the profitability of the two Franchised Centers, the level of training of the staff of the Franchised Centers, and the amount of advertising plaintiff would need to engage in to successfully promote the Franchised Centers. Plaintiff sought compensatory damages in an amount to be determined, court costs and attorneys' fees, and punitive damages. In response to plaintiff's Complaint, the Franchisor (1) on August 7, 2003, filed in federal court in New York a Petition to Compel Mediation/Arbitration of the dispute (Huntington Learning Centers, Inc. v. Raymond E. Warrick, Jr., et al., U.S. District Court for the S.D. of New York, Case No. 03-CV-5923) and (2) on August 14, 2003, filed a Motion to Stay and/or Dismiss plaintiff's Ohio case. On October 29, 2003, the parties settled the case and all disputes between them by entering into a settlement agreement and filing a Stipulation and Order of Dismissal with Prejudice and Without Costs in the District Courts. Under the settlement agreement, the parties agreed that Plaintiff's two Franchised Centers would be transferred to a purchaser approved by the Franchisor, Plaintiff would dismiss the Complaint, with prejudice; Plaintiff would pay to the Franchisor $17,655.41 upon signing of the Settlement Agreement for the Franchisor's out-of-pocket expenses; Plaintiff would pay to the Franchisor $6,000 for legal fees incurred by the Franchisor with respect to the transfer of the two Franchised Centers; Plaintiff agreed to release the Franchisor and its affiliates from claims arising out of or related to the two Franchised Centers; and the Franchisor agreed to release Plaintiff and its assigns from claims arising out of or relating to the two Franchised Centers. The Stipulation and Order of Dismissal was filed on October 29, 2003.

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Other than these four actions, no litigation is required to be disclosed in this Offering Circular.

ITEM 4. BANKRUPTCY

In re: Huntington Learning Centers, Inc., U.S. Bankruptcy Court for the District of Maryland, Case No. 01-56129. On April 18, 2001, three creditors filed against the Franchisor an Involuntary Petition under Chapter 7 of the U.S. Bankruptcy Code. The three creditors alleged that the Franchisor failed to pay them certain fees for the creation and production of advertising materials and that the Franchisor was unable to do so. On August 14, 2001, the parties entered into a written agreement settling all claims relating to the Petition, and filed a joint motion to dismiss the case. The case was dismissed by court order on September 11, 2001, after an agreement was reached with a group representing certain franchisees.

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

ITEM 5. INITIAL FRANCHISE FEE

Franchise Agreement

You must pay the Franchisor an initial franchise fee of $40,000 when or before you sign the Franchise Agreement. The Franchisor may reduce or finance this fee. The Initial Franchise Fee is waived, if you are renewing a Huntington Learning Centers, Inc. franchise agreement and you pay a renewal franchise fee (see Item 6). If you purchase an existing franchised business, the Franchisor may require you to pay a non-refundable initial franchise fee of $4,000 under certain Franchise Agreements. The initial franchise fee and renewal franchise fee are non-refundable.

Development Agreement

You must pay Huntington a development fee of $10,000 for each Franchised Center which you agree to develop under a Development Agreement. The Franchisor may reduce or finance this fee. You and Huntington determine the number of Franchised Centers under a Development Agreement before its execution. The development fee must be paid in full upon execution of the Development Agreement. The development fee is non-refundable. If you are in full compliance with the development schedule and with the terms of the Development Agreement, Huntington will credit your development fee toward the initial franchise fee payable under each Franchise Agreement executed under the Development Agreement.

Software License Agreement

You must license the Software from the Franchisor under the Software License Agreement in Exhibit C to the Offering Circular. You must pay the Franchisor an initial license fee of $12,000 when you sign the Software License Agreement. The Franchisor may reduce or finance this fee. The initial license fee is non-refundable See Items 6 and 7.

Phone Number License Agreement

You must license the Phone Number, 1-800-CAN LEARN (226-5327), from the Franchisor under the Phone Number License Agreement in Exhibit D to the Offering Circular. You must pay the Franchisor an installation charge of $500 when you sign the Phone Number License Agreement. The Franchisor may reduce or finance this fee. The installation charge is non-refundable. See Items 6, 7, and 8.

School Visits

Within 180 days after signing the Franchise Agreement, and before you open your Franchised Center, you or your manager must spend up to 4 consecutive business days with a representative of the Franchisor visiting schools for the purpose of marketing Huntington Services. You must pay the Franchisor its then-current per deim fee to cover the costs and expenses related to the school visits, including the Franchisor representative's travel, food, and lodging costs. As of the date of this Offering Circular, this per diem fee is $800 per day. This fee is non-refundable.

Franchised Center Graphics

You must purchase and install graphics (based on the Franchisor's proprietary specifications) for the walls and windows of your Franchised Center from a vendor of your choice. As of the date of this Offering Circular, the estimated cost to purchase the graphics is between $3,800 and $5,000. If you purchase these graphics from the Franchisor, the payment is non-refundable.

Call Center License Agreement

You may, but are not required to, enter into the Call Center License Agreement with the Franchisor to have the Franchisor's call center handle calls from prospective students for your Franchised Center. There is an initial set-up fee of $500 payable to the Franchisor when you sign the Call Center License Agreement. The Franchisor may reduce or finance this fee. The set-up fee is non-refundable. The Franchisor is not obligated to offer you a Call Center License Agreement. The Call Center License Agreement is Exhibit F to the Offering Circular. See Item 6 and 7.

Conference Service License Agreement

You may, but are not required to, enter into the Conference Service License Agreement with the Franchisor. There is an initial set-up fee of $500 payable to the Franchisor when you sign the Conference Service License Agreement. The Franchisor may reduce or finance this fee. The set-up fee is non-refundable. The Franchisor is not obligated to offer you a Conference Service License Agreement. The Conference Service License Agreement is in Exhibit E to the Offering Circular. See Item 6 and 7.

School Services Amendment

You may, but are not required to, enter into the School Services Amendment with the Franchisor. There is an initial fee of $500 payable to the Franchisor when you sign the School Services Amendment. The Franchisor may reduce or finance this fee. The initial fee is non-refundable. The Franchisor is not obligated to offer you a School Services Amendment. The School Services Amendment is in Exhibit G to the Offering Circular. See Item 6 and 7.

Purchases from the Franchisor

You may purchase from the Franchisor certain marketing and office supplies and inventory items, like appointment books, file folders, pens, pencils, curricula, student workbooks, posters, and other assorted items. No payment made to the Franchisor for any item is refundable.

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ITEM 6. OTHER FEES

The following table describes recurring or isolated fees or payments you must pay to the Franchisor, or that the Franchisor imposes or collects for a third party. You must pay all amounts due the Franchisor at the Franchisor's principal business address, or at any other address the Franchisor designates in writing. Unless otherwise indicated below, all fees are non-refundable and are imposed by, payable to, and collected by the Franchisor.

Other Fees

Name of Fee	Amount	Due Date	Remarks
Continuing Royalty	8% of Gross Revenue	Payable on the 10th day of each month for the preceding month	You must pay monthly to the Franchisor a non-refundable Continuing Royalty in an amount equal to 8% of your monthly Gross Revenue. You must pay to the Franchisor a minimum Continuing Royalty of $1,200 per month beginning on the earlier of (a) the 9th full calendar month after the date you open your Franchised Center, as determined by the Franchisor, and (b) the 15th full calendar month after the date you sign your Franchise Agreement; except, if you are renewing or assuming an existing Huntington Learning Centers, Inc. franchise agreement, you must begin paying the minimum Continuing Royalty beginning on the date you sign your Franchise Agreement. The Franchisor has the right, but not the obligation, to waive this minimum for a month, if, in each of the prior 12 months you have paid the Franchisor Continuing Royalty in excess of this minimum amount. The Continuing Royalty must be paid to the Franchisor monthly by the 10th day of each month, calculated on the Gross Revenue for the preceding month. Any non-electronic payment not actually received by the Franchisor on or before the 15th day of the month will be overdue, if not postmarked by the 10th day of the month. Any electronic payment not actually received by the Franchisor on or before the 15th day of the month will be deemed overdue. Each Continuing Royalty payment must be made by separate check or electronic payment payable to the Franchisor or its designee or in the manner designated by the Franchisor. Gross Revenue means all received and accrued revenue, including cash, cash equivalents, and credit, derived directly or indirectly from all business conducted with the use of the Marks or System or upon, from, or with, your Franchised Center whether evidenced by check, cash, credit, charge, exchange, or otherwise and whether for services or products provided or to be provided. Gross Revenue does not include sales or similar tax that, by law, is chargeable to customers (if those taxes are separately stated and charged to the customer, paid by the customer, and paid to the appropriate taxing authority by you) or any documented refund given to customers by you in good faith. Gross Revenue may not be offset by any expense.
Advertising Fee	2% of Gross Revenue	Same as Continuing	You must pay monthly to the Franchisor a non-refundable Advertising Fee of 2% of your monthly Gross Revenue. Beginning on the earlier of (a) the 9th full calendar month after the date you open your Franchised

Huntington LEARNING CENTER

Other Fees

Name of Fee	Amount	Due Date	Remarks
		Royalty. This fee is payable to the Franchisor	Center, as determined by the Franchisor, and (b) the 15th full calendar month after the Agreement Date, you must pay a minimum Advertising Fee of $300 per month. If you are renewing or assuming an existing Huntington Learning Centers, Inc. franchise agreement, the minimum Advertising Fee begins on the date you sign your Franchise Agreement. The Advertising Fee for the preceding month must be paid by the 10th day of each month, calculated on Gross Revenue for the preceding month. The Franchisor has the right, but not the obligation, to waive this minimum for a month, if, in each of the prior 12 months you have paid the Advertising Fee in excess of this minimum amount. Any non-electronic payment not actually received on or before the 15th day of that month will be overdue if it is not postmarked by the 10th day of the month. Any electronic payment not actually received on or before the 15th day of the month will be deemed overdue. Each Advertising Fee payment must be made by separate check or electronic payment, or in the manner required by the Franchisor in the Manual.
Cooperative Advertising Fee	Maximum is $2,000 per month, unless a majority of the Association's members agree to a greater amount.	By the 10th of each month for the preceding month, unless a majority of the Association's members agree to a different schedule	The Franchisor may form Advertising Cooperative Associations composed of Huntington Learning Centers operated by you or any other party, and has the right to require you to become a member of one Association. If you are a member of an Association, that Association has the right to require you to pay it a non-refundable monthly Cooperative Advertising Fee that will not exceed $2,000 per month, unless a greater amount is determined by a majority vote of the Association's members. All Association members have the right to vote on all its expenditures. If you pay any Cooperative Advertising Fee, then, to the extent your payments do not exceed the aggregate amount of monies you are required to expend on local advertising under the Franchise Agreement, those payments will be credited against those monies. You must pay the Cooperative Advertising Fee to the Association by the 10th day of each month for the preceding month, unless a different schedule is agreed to by a majority of the members of the Association.
Local advertising	For Learning Center Services a minimum of $36,000 per year. For Exam Preparation Services a minimum of $7,500 per year.	As required by vendors	The minimum expenditures for promotion of Learning Center Services and Exam Preparation Services must be expended on local media in each calendar year. You are encouraged to expend additional funds for other marketing and advertising; and to conduct visits to schools to market Huntington Services. Those payments are made to third parties. Also see Advertising Fee and Cooperative Advertising Fee above, White and Yellow Pages below, and Items 7 and 11.
White and Yellow Pages	List your Franchised Center	As required by vendors	The payments you make for listing in the White Pages and for advertising in the Yellow Pages are in addition to any other expenditure required in the Franchise Agreement. Also see Items 7 and 11.

Other Fees

Name of Fee	Amount	Due Date	Remarks
	in the White Pages in your area. Advertise under at least two headings in the Yellow Pages in your area.		
Maintenance Fee	$3,000 per year	January 1 of each year	This fee is payable under the Software License Agreement. See Item 5.
Software fees	Will vary from $30 to $200 per year, depending on the computer configuration you use to support the Software.	As required by vendors	These fees are payable under the Software License Agreement. You must pay to the Franchisor any fees or expenses it pays or becomes obligated to pay on your behalf to any vendor or third-party provider of software, software-related services or equipment, or computer-related services or equipment in order to install, maintain, or improve the Software at your Franchised Center in the manner required by the Franchisor. As of the date of this Offering Circular, we estimate these fees and expenses to total between approximately $30 and $200, depending on your computer configuration. For example, as of this date, the annual maintenance fee for a "standalone" computer configuration is $30. If you elect to obtain a "server" configuration, you pay an annual "server maintenance fee" of $80, plus $24 for each client, with a minimum of two clients. You must pay this fee to the Franchisor on January 1 of each year.
Phone Number License Agreement Fees	$49 per month for Monthly Access Fee	When you sign the Phone Number License Agreement; monthly; or upon billing	These fees are payable under the Phone Number License Agreement. As of the date of this Offering Circular, the Installation Charge is $500 and the Monthly Access Fee is $49 per month. All fees and charges herein may be changed by the Franchisor on January 1 of each year. Other charges may be payable by you or the Franchisor to others for your use of the Phone Number; and you must pay the Franchisor its costs in paying any other charges. See Items 5 and 8.
Call Center License Agreement Fees	$275 monthly use fee; $2 per call fee; $48 hourly connection fee	When you sign the Call Center License Agreement; monthly; or upon billing	If you elect to enter into the Call Center License Agreement, these fees are payable under that agreement. As of the date of this Offering Circular, the installation fee is $500; the monthly use fee is $255 per month; the fee per call is $2.00 per call; and the hourly connection fee is $44 per hour. The Franchisor may modify all fees and charges on January 1 of each year. See Item 5.
Conference Service	$75 per hour use fee; minimum of 2	When you sign the Conference	If you elect to enter into the Conference Service License Agreement, these fees are payable under that agreement. As of the date of this Offering Circular, the installation fee is $500 and the hourly fee is $75 per

Other Fees			
Name of Fee	**Amount**	**Due Date**	**Remarks**
License Agreement Fees	hours per month	Service License Agreement; upon billing	hour, with a two-hour minimum per month. The Franchisor may modify all fees and charges on January 1 of each year.
School Service Royalty	8% to 14% of School Service Revenue, depending on the amount of School Service Revenue, less your Estimated School Service Royalty payments	Payable at the end of the Contract Period	If you enter into a School Services Amendment, you must pay to the Franchisor a non-refundable School Service Royalty in an amount equal to between 8% and 14% of your School Service Revenue (defined below in this remark). The amount of your School Services Royalty is determined as follows: (a) 8% of all School Service Revenue less than $100,000 in any Contract Period (defined below in this remark); (b) 10% of all School Service Revenue greater than or equal to $100,000 and less than $200,000 in any Contract Period; (c) 12% of all School Service Revenue greater than or equal to $200,000 and less than $300,000 in any Contract Period; and (d) 14% of all School Service Revenue greater than or equal to $300,000 in any Contract Period. The School Service Royalty must be paid to the Franchisor at the end of each Contract Period. The Contract Period means the period of time beginning on the earlier of (a) the date of the School Services Contract or (b) the date you first offer services under the School Services Contract, and ending the earlier of (a) 12 months after that date or (b) the date the School Services Contract expires or terminates. You will be credited with the Estimated School Service Royalties received by the Franchisor as of the date your School Service Royalty is due and payable. See Estimated School Service Royalty below. If your Estimated School Service Royalty payments exceed the School Service Royalty payable at the end of the Contract Period, you will receive a refund of the amount overpaid or, at the Franchisor's option, credited to any amount owed by you to the Franchisor or any affiliate of the Franchisor. Any School Service Royalty payment that is not paid when due will be subject to the then-current late fee and will bear daily interest at the rate of 10% per annum, but no more than the highest rate permitted by applicable law. School Service Revenue means all revenue, including cash, cash equivalents, and credit, derived directly or indirectly from all business conducted in connection with the services provided by you under the School Services Amendment or upon, from, or with, your Franchised Center or any school services facility, whether evidenced by check, cash, credit, charge, exchange, or otherwise and whether for services or products provided or to be provided. School Service Revenue does not include sales or similar tax that, by law, is chargeable to customers (if these taxes are separately stated and charged to the customer, paid by the customer, and paid to the appropriate taxing authority by you) or any documented refund given to customers by you in good faith. School Service Revenue will not be offset by any expense. School Service Revenue is not part of your Gross Revenue under your Franchise Agreement.

Other Fees			
Name of Fee	**Amount**	**Due Date**	**Remarks**
			If the Franchisor receives any payments from any local education agency for school service provided by you under the School Services Amendment, the Franchisor will deliver those payments to you minus a service fee. The service fee is computed as 1% of the money received by the Franchisor and is in addition to all other payments you are required to make to the Franchisor under the Franchise Agreement and School Services Amendment.
Estimated School Service Royalty	10% of School Service Revenue	Payable within 5 days of your receipt of School Service Revenue	If you enter into a School Services Amendment, you must pay to the Franchisor an Estimated School Service Royalty in an amount equal to 10% of your School Service Revenue upon your receipt of any School Service Revenue. Any Estimated School Service Royalty payment that is not paid when due will be subject to the then-current late fee and will bear daily interest at the rate of 10% per annum, but no more than the highest rate permitted by applicable law. Estimated School Service Royalty is non-refundable, except as described in the School Service Royalty remark.
School Service Fee	2% of School Service Revenue	Payable within 5 days of your receipt of School Service Revenue	If you enter into a School Services Amendment, upon your receipt of any School Service Revenue, you must pay to the Franchisor or its designee a non-refundable School Service Fee of 2% of the School Service Revenue. See Item 11.
Accreditation Fees	$600 Application Fee; $300 Evaluating Team preparation; $500 Evaluation Team visit and CITA's out-of-pocket costs.	As required by vendors	To the extent permitted by the Commission on International and Trans-Regional Accreditation ("CITA"), you must apply to the Franchisor to be accredited by CITA. You must pay to CITA or the regional accrediting body the fees they impose; or, if determined by CITA or the regional accrediting body, you must pay these fees to the Franchisor. When you apply to become accredited, you pay the Franchisor a non-refundable Application Fee, which the Franchisor pays to CITA; as of the date of this Offering Circular, this fee is $600. When your Self-Study is approved, you pay CITA or the regional accrediting body, or each, a fee for the Evaluation Team visit and CITA's out-of-pocket costs for items like as transportation (generally mileage), food, and lodging; these fees are estimated at $300 and are due your receipt of their invoice.
Transfer Fee	Greater of (a) $14,000 or (b) 35% of the Franchisor's then-current initial franchise fee for Transfer of Franchise Agreement;	When consent to transfer requested	A Transfer means the direct, indirect, or contingent sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance (whether by or among any of your franchise owners or others and whether by agreement or by law) of any interest in you, the Franchise Agreement, any asset of your Franchised Center, any share of stock in a corporate franchisee, any membership interest in a limited liability company franchisee, or any partnership interest in a partnership franchisee. You must pay to the Franchisor a Transfer Fee of the greater of (a) $14,000 or (b) 35% of the Franchisor's then-current initial franchise fee. The Transfer Fee will be waived for any Transfer within 90 days of execution of the Franchise Agreement to a corporation or limited liability company formed solely for the

Other Fees			
Name of Fee	**Amount**	**Due Date**	**Remarks**
	waived for transfer to your corporation within 90 days of signing the Franchise Agreement; $1,000 for other selective Transfers under the Franchise Agreement; $6,000 for Transfer of Software License Agreement; $500 for Transfer of Phone Number License Agreement.		convenience of ownership. The Transfer Fee is reduced to $1,000 for (a) any Transfer between 91 and 180 days of execution of the Franchise Agreement to a corporation or limited liability company formed solely for the convenience of ownership, and (b) any Transfer of a non-controlling interest (as determined by the Franchisor) (i) to an existing Franchisee Member; or (ii) to a full-time staff member of your Franchised Center; or (iii) from a Franchisee Member to that Franchisee Member's spouse, natural or adopted children, or step-children. For any Transfer, you must also pay to the Franchisor all its costs and expenses associated with the Transfer, including legal and accounting fees. The Transfer Fee is non-refundable, if the Franchisor does not exercise its right of first refusal and the Transfer is completed. If the Franchisor exercises its right of first refusal, the Transfer Fee will be refunded in full, or, at the Franchisor's option, credited to any amount owed by you to the Franchisor or any the Franchisor affiliate. If the Franchisor disapproves the Transfer or if the Franchisor approves the Transfer and the Transfer is not completed, 25% of the Transfer Fee will be earned in full by the Franchisor and not refundable and the balance will be refunded, or, at the Franchisor's option, credited to any amount owed by you to the Franchisor or any the Franchisor affiliate. The Transfer Fee is payable when you notify the Franchisor under the Franchise Agreement that you desire to Transfer. For all Transfers upon incapacity, you must pay to the Franchisor a non-refundable Transfer Fee of $1,000, plus the Franchisor's costs and expenses associated with the Transfer, including legal and accounting fees. You must pay to the Franchisor a Transfer Fee of $6,000 and $500 for any Transfer of the Software License Agreement and Phone Number License Agreement, respectively.
Processing Fee	Then-current fee	Upon billing	If you pledge, mortgage, give as a security for an obligation, or otherwise encumber any interest in you, your Franchise Agreement, your Franchised Center, or any assets of your Franchised Center, all of which require the Franchisor's prior written consent, you must pay the franchisor its then-current processing fee, which as of the date of this Offering Circular is $400.
Insurance	Based on your insurance company or broker	As required by vendors	You are responsible to secure, before beginning any operation of your Franchised Center, and to maintain, in full force and effect continually during the term of the Franchise Agreement, at your expense, an insurance policy or policies insuring you, the Franchisor, and their respective officers, directors, partners, agents, and employees against any demand or claim about personal injury, death, or property damage, or any loss, liability, or expense arising or occurring upon, or in connection with, your Franchised Center. You must maintain minimum insurance as required by the Franchisor, which minimums may be changed by the Franchisor. See Item 7. See Exhibit S for minimum insurance requirements as of the date of this Offering Circular.

Other Fees

Name of Fee	Amount	Due Date	Remarks
			If you fail to obtain or maintain required insurance, the Franchisor has the right to obtain, through companies or agents of its own choosing and on your behalf, this insurance, and, upon the Franchisor's written demand, you must pay immediately to the Franchisor the cost of this insurance and a fee determined by the Franchisor for its acting to procure the insurance.
Taxes	Will vary	As required by governmental organizations	These are payable to the Franchisor, if the Franchisor has to pay taxes (other than income tax) on any fees you pay the Franchisor.
Audit	Cost of audit, then-current late fees, and 10% annual interest on underpayment	Upon billing	This fee is payable to the Franchisor, if an audit by the Franchisor or its agents or designees shows an understatement of at least 3% of Gross Revenue.
Interest/Late Fee	10% annual interest on late payment; then-current late fee	Upon billing	Interest and the then-current late fee are payable to the Franchisor, if any fee or payment due the Franchisor under the Franchise Agreement is not paid when due. As of the date of this Offering Circular, the late fee is $100.
Attorneys' fees	Cost of action and attorneys' fees	Upon billing	Under the Franchise Agreement, the Franchisor may recover its costs and attorneys' and accountants' costs and fees.
Indemnification	Cost of claim against the Franchisor because of your acts, including attorneys' and accountant's costs and fees	Upon billing	You must defend and indemnify the Franchisor for your acts and your failure to act.
Relocation Fee	Then-current fee	Upon request for relocation	The Franchisor must approve any relocation of your Franchised Center you propose; and, in connection therewith, you must pay the Franchisor its then-current relocation fee. As of the date of this Offering Circular, the relocation fee is $400.
Renewal Franchise Fee	$6,000; $12,000; or the greater of $20,000 or half of	Upon your execution of the Renewal	This fee is payable only if you wish to renew your rights under the Franchise Agreement. The fee will be: 1. $6,000, if Gross Revenue at your Franchised Center during the 12 complete months immediately

Other Fees			
Name of Fee	**Amount**	**Due Date**	**Remarks**
	then-current initial franchise fee	Agreement	preceding the Renewal Notice Deadline (which is the date 180 days before the end of the term of your Franchise Agreement) was greater than or equal to $600,000; 2. $12,000, if Gross Revenue at your Franchised Center during the 12 complete months immediately preceding the Renewal Notice Deadline was greater than or equal to $400,000, but less than $600,000; or 3. The greater of $20,000 or 50% of the Franchisor's then-current initial franchise fee, if Gross Revenue at your Franchised Center during the 12 complete months immediately preceding the renewal notice deadline was less than $400,000.
Training Fee	$240 per participant in initial training, except Franchisee Members	Before initial training	You must pay the Franchisor its then-current training fee for each trainee attending any portion of any training conducted by the Franchisor, including the initial training program described in the Franchise Agreement. As of the date of this Offering Circular, the Franchisor charges a training fee only for its initial training program and exempts all Franchisee Members from this training fee. As of the date of this Offering Circular, the training fee is $240. Also see Item 11.
Convention Fee	Then-current fee per participant	Before convention	You must pay the Franchisor the then-current convention fee for each participant attending the Franchisor's convention. The 2006 convention will be held in October 2006 and its convention fee is $300. The Franchisor will reduce this fee to $240 if you register and pay this fee before July 1, 2006.
Electronic Funds Transfer Fees	Will vary	As required by vendors	Franchisor requires you make Continuing Royalty payments and any other payments required under the Franchise Agreement directly to the Franchisor, its affiliates, or to a bank account specified by the Franchisor, by electronic funds transfer, on-line banking, pre-authorized auto-draft arrangement, or other means as the Franchisor may specify. You must bear all expenses associated with making these funds transfers. Those expenses will vary depending upon the fees charged by your bank for these funds transfers. Bank fees for on-line banking typically range from $4 to $6 per month for an unlimited number of payments. Most banks provide this service free of charge, if you maintain an average balance of $5,000 or more. These cost figures are estimates, and the Franchisor cannot guarantee that your bank will charge similar fees, or that you will not incur other expenses in connection with making electronic funds transfers.
Reimbursement of Third Party Fees	Will vary	Upon billing	You must reimburse the Franchisor for any fees imposed on it or its affiliates by any third party to process any payment you make to the Franchisor under the Franchise Agreement, Software License Agreement, Phone Number License Agreement, Call Center License Agreement, Conference Service License Agreement, and School Services Amendment. Third party fees include, for example, any fees imposed by a bank or credit card company to process any credit card payment you make to the Franchisor or its affiliates.

ITEM 7. INITIAL INVESTMENT

Initial Investment for a Franchised Center

The following table provides an estimate of your initial investment for a single Franchised Center and the costs necessary to begin its operation. All costs listed below are estimates only. Actual costs will vary for each franchisee and each location depending upon many factors. All fees and payments described below are non-refundable, unless otherwise stated or permitted by the payee. The Franchisor does not finance any amount. Before making any decision to enter into the Franchise Agreement, you should read this Offering Circular and all its exhibits. You should carefully review all figures in this Offering Circular, including those in this table, with a business advisor.

Initial Investment for a Franchised Center

Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
Initial Franchise Fee	$40,000	to	$40,000	Lump sum	When you sign the Franchise Agreement	Franchisor	Under certain of the Franchisor's franchise agreements, if you purchase an existing franchised business, the Franchisor may require you to pay a reduced initial franchise fee of $4,000. See Items 5 and 10.
Travel and living expenses while training	$300	to	$4,500	As incurred	During training	Vendors like airlines, hotels, and restaurants	The amounts are for travel and living expenses for one person attending the Franchisor's initial training program for the period of time necessary to complete it. In addition, you will incur salary, travel, food, and lodging expenses for you and your managers and staff. You will also incur expenses associated with the Franchisor's training program. For this training program, the Franchisor provides instructors and instructional materials. The cost will depend on many factors, including the distance you must travel and the type of accommodations you choose.
Real estate and improvements	$10,000	to	$70,000	Lump sum	Before opening	Vendors	If you do not own an adequate premises for your Franchised Center, you must lease it. See Item 1. Rent depends on many factors, including location, size, condition, and utilities and rent is often calculated on a per square foot basis. Typical annual rent ranges from $15 to $40 per square foot or more. When you enter into a lease for your premises, you typically commit to pay the rent for the full term of the lease. Typically, you pay rent monthly to your landlord and it is not refundable. Construction, leasehold improvements, remodeling, and decorating are done through vendors of your

Initial Investment for a Franchised Center							
Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
							choosing and their costs depend on many factors, including the condition of the premises. These costs typically range from $20 to $30 per square foot or more. Typically, you pay these costs as incurred and they are not refundable. In some cases you pay these costs as part of the rent. You must use and architect to develop design drawings according to the Franchisor's specifications.
Equipment	$18,000	to	$25,000	Lump sum	Before opening	Franchisor or vendors	The amount for equipment includes expenses for furniture, phones, answering machine, fax machine, copy machine, and computer hardware.
License Fee	$12,000	To	$12,000	Lump sum	When you sign the Software License Agreement	Franchisor	The License Fee is the fee to license the Software under the Software License Agreement, which, as of the date of this Offering Circular, is $12,000. See Items 5 and 6.
Software License Fee	$220	to	$900	Lump sum	When you sign the Software License Agreement	Vendors	This fee is payable under the Software License Agreement. You must pay to the Franchisor any fees or expenses it pays or becomes obligated to pay on your behalf to any vendor or third-party provider of software, software-related services or equipment, or computer-related services or equipment in order to install, maintain, or improve the Software at your Franchised Center in the manner required by the Franchisor. As of the date of this Offering Circular, we estimate these fees to total between approximately $200 and $700, depending on the computer configuration. For example, as of the date of this Offering Circular, the software licensing fee for a "standalone" computer configuration is $179. If you elect to obtain a "server" configuration, you pay a "server license fee" of $399, plus $119 for each client, with a minimum of two clients. You pay this fee to the Franchisor when you sign the Software License Agreement and the Franchisor may earn revenue from this fee.
Installation Charge	$500	to	$500	Lump sum	When you sign the Phone Number License Agreement	Franchisor	The Installation Charge is a fee for installation of the Phone Number under the Phone Number License Agreement, which, as of the date of this Offering Circular, is $500. See Items 5 and 6.
Set-up Fee	$0	to	$500	Lump Sum	If and when you	Franchisor	The Set-up Fee is a fee for your connection to the Call Center under the Call

Initial Investment for a Franchised Center							
Item	**Estimated Amount**			**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**	**Remarks**
					sign the Call Center License Agreement		Center License Agreement, which, as of the date of this Offering Circular, is $500. See Items 5 and 6.
Set-up Fee	$0	to	$500	Lump Sum	If and when you sign the Conference Service License Agreement	Franchisor	The Set-up Fee is a fee for your connection to the Conference Service Center under the Conference Service License Agreement, which, as of the date of this Offering Circular, is $500. See Items 5 and 6.
Maintenance fee	$250	to	$3,000	Lump Sum	When you sign the Software License Agreement	Franchisor	The Maintenance Fee is the pro-rated portion of the first year's Maintenance Fee payable under the Software License Agreement. As of the date of this Offering Circular, the maximum Maintenance Fee (which is for a full calendar year) is $3,000. See Items 5 and 6.
Signs	$2,000	to	$15,000	As incurred	As incurred	Franchisor or vendors	You must install signs according to the Franchisor specifications. Signs are purchased from, and installed by, vendors of your choosing. Landlords and municipalities may impose sign requirements on you.
Opening advertising	$6,000	to	$6,000	As incurred	As arranged	Vendors	By no later than three months after you open your Franchised Center, you must have spent at least $6,000 on opening advertising in the form and manner required by the Franchisor. The Franchisor encourages you to spend more than this minimum amount on opening advertising. Also see Items 6 and 11.
Start-up supplies	$4,500	to	$6,500	As incurred	As arranged	Franchisor or vendors	The amount for start-up supplies includes expenses for office and consumable supplies, like appointment books, file folders, sheet protectors, binders, writing pads, and writing utensils.
Opening inventory	$30,000	to	$32,000	Lump sum	As arranged	Franchisor or vendors	The amount for inventory includes educational and office inventory, like curriculum and student workbooks.
Security and utility deposits; license fees	$2,000	to	$8,000	As incurred	As arranged	Landlord or utilities	The Franchisor estimates you will need to provide deposits to your landlord and utility companies. The amount of these deposits will vary depending upon the practice of the landlord and utility companies. Typically, deposits are refundable. If you must obtain any licenses or permits, you may be charged a fee them. Typically, license fees are not refundable.
Architect design	$3,500	to	$8,000	As incurred	As arranged	Franchisor or	You must use an architect to design your Franchised Center. You must

Initial Investment for a Franchised Center

Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
						vendors	develop drawings of your Franchised Center location and its signs according to Franchisor specifications. For you to occupy your premises, landlords and municipalities may impose certain requirements on you, like obtaining architectural or other drawings showing structural, electrical, heating, air conditioning, and other aspects of the premises. Landlords and municipalities may impose requirements on the individual who executes these drawings; for example, a municipality may require these drawings executed and sealed by an architect.
Center graphics	$3,800	to	$5,000	As incurred	As arranged	Franchisor or vendors	You must purchase and install graphics (based on the Franchisor's proprietary specifications) for your Franchised Center's walls and windows using vendors of your choice. The estimated amount includes estimated installation costs.
Professional fees	$900	to	$3,500	As incurred	As arranged	Lawyers, accountants, state agencies	You will need to employ an attorney, accountant, and other consultants.
School visit fees	$800	to	$3,200	Lump sum	As arranged	Franchisor	You must pay the Franchisor a fee of $800 per day for up to four days to cover the Franchisor's costs and expenses related to your mandatory school visits prior to opening the Franchised Center. See Item 5.
Marketing consultant fees	$3,500	to	$7,000	As incurred	As arranged	Marketing consultant	Within 30 days after your sign your Franchise Agreement, you must hire a trained marketing consultant of your choice to assist you in developing a comprehensive marketing plan for the Franchised Center. The marketing plan must provide a detailed market analysis and a strategy for promoting the services offered at your Franchised Center.
Insurance – 3 months	$1300	to	$2,500	As incurred	As incurred	Vendors	The amount for insurance estimates your insurance expense during your first 3 months of operation. The annual estimate is from $2,600 to $5,000. You may have to pay the entire annual premium initially. These figures are estimates and you may have additional insurance expenses starting or maintaining your Franchised Center. The minimum insurance as of the date of this Offering Circular required for franchised Huntington Learning Centers is presented in Exhibit S.

Initial Investment for a Franchised Center

Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
							Each insurance policy must name Huntington Learning Centers, Inc. as an additional insured; must provide that the policy cannot be canceled without 30 days prior written notice to Huntington Learning Centers, Inc.; and must insure your contractual liability under the Franchise Agreement. You must deliver to the Franchisor, as well as to a Franchisor-designated third party broker, certificates of insurance evidencing this minimum required insurance (a) no later than 10 days before you begin operating your Franchised Center; (b) after any modification of, addition to, or deletion from, this insurance; (c) within 60 days after the end of each calendar year; (d) upon renewal of this insurance; (e) 30 days before this insurance's expiration date; and (f) immediately upon the Franchisor's written request.
Additional funds - 3 months	$23,000	to	$30,000	As incurred	As incurred	Franchisor, employees or vendors	You will need additional funds to support ongoing expenses, like payroll and utilities, to the extent that these costs are not covered by sales revenues. New businesses typically generate a negative cash flow. The Franchisor estimates that the amounts for additional funds in this Item 7 will be sufficient to cover ongoing expenses described in this note for the start-up phase of the business, which the Franchisor estimates to be 3 months, although it may be longer. This is only an estimate, however, and additional funds may be necessary during the first 3 months or afterwards or both. The Franchisor relied upon the experience of its predecessor that has been operating Huntington Learning Centers at times and places as listed in Item 1 above to determine the amounts you will need for additional funds. The amount for additional funds in the table estimates your expenses during your first 3 months of operation for advertising, marketing materials, Advertising Fee, phone, Continuing Royalty, initial and monthly fees under the Phone Number License Agreement, Call Center License Agreement, and Conference Service License Agreement, Yellow Pages, part-time teacher payroll costs, base rent and additional funds ranging from $5,000 to $10,000,

Initial Investment for a Franchised Center							
Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
							and for no other expense. This amount does not include any amount for the School Services Amendment, since the Franchisor may not offer you the opportunity to execute a School Services Amendment within your first 3 months of operation or anytime thereafter. (See Item 5 regarding the Software License Agreement, Phone Number License Agreement, Call Center License Agreement, Conference Service License Agreement, and School Services Amendment.) For example, this estimate does not include any initial or ongoing expenses related to electronic funds transfers, or any payment for any financing expense, including any third party finance expense, or any salary you pay yourself or any employees. This estimate does not include any other expense that you or others may consider vital or necessary during this 3-month period or any longer start-up phase that you may experience, like hiring full-time staff and having this staff trained. This estimate does not include the initial Software Fees paid under the Software License Agreement, since these fees are covered elsewhere. These figures are estimates and the Franchisor cannot guarantee that you will not have additional expenses starting the Franchised Center. Your costs will depend on many factors, including, by way of example, your management skill, experience, and business acumen; local economic conditions; the local market for the services you will provide; prevailing wage rates; competition; the sales level reached during the start-up period; and afterwards; and your adherence to the Franchisor's methods and procedures. Merely following the Franchisor's methods and procedures does not guarantee that you will not need additional funds in excess of those described in this Item 7 or that your start-up phase will be limited to 3 months.
Total	$162,570	to	$283,600				

NCLB Program

The following table provides an estimate of your additional initial investment and the costs necessary to begin operation under the School Services Amendment, if you choose to participate in the NCLB Program. All costs listed below are estimates only. Actual costs will vary for each franchisee depending upon many factors. All fees and payments described below are non-refundable, unless otherwise stated or permitted by the payee. The Franchisor does not finance any amount. Before making any decision to enter into the School Services Amendment, read this Offering Circular and all its exhibits. You should carefully review all figures in this Offering Circular, including those in this table, with a business advisor.

NCLB Program

Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
Initial fee	$500	to	$500	Lump sum	When you sign the School Services Amendment	Franchisor	The Franchisor may reduce or waive the initial fee for existing franchisees who enter into a School Services Amendment, but is not obligated to do so.
Travel and living expenses while training	$300	to	$3,500	As incurred	During training	Vendors like airlines, hotels, and restaurants	The amounts are for travel and living expenses for one person attending two days of training either at a location specified by the Franchisor in your region or at the Franchisor's headquarters. The cost will depend on many factors, including the distance you must travel and the type of accommodations you choose.
Equipment	$3,000	to	$5,000	Lump sum	Before operating	Franchisor or vendors	The Franchisor anticipates you will need equipment for services provided under the School Services Amendment in addition to that used for your Franchised Center, even if you provide such services at your Franchised Center. The amount for equipment includes expenses for furniture, telephones, answering machines, fax machines, and computer equipment. You will need separate equipment, even if you provide services under the School Services Amendment at your Franchised Center.
Recruiting costs	$0	to	$1,000	As incurred	As incurred	Vendors	The amount for recruiting costs includes amounts for classified ads, flyers, and posters. Your costs will be at the lower end of the range if you provide services under the School Services Amendment at your Franchised Center. Your costs will be at the higher end of the range if you provide services under the School Services Amendment at another facility where you will most likely need new teachers.
Start-up Supplies	$1,250	to	$15,000	As incurred	As arranged	Franchisor or vendors	The amount for start-up supplies includes testing materials, office supplies, writing utensils, etc., at a cost of approximately $25 per student.
Huntington	$0	to	$21,000	As	Before	Franchisor or	The Franchisor anticipates the cost of one Huntington Learning Station

NCLB Program

Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
Learning Stations and Curriculum				incurred	operating	vendors	($675 per location) and curriculum ($6,000 per location) would be required only if you provide services under the School Services Amendment at a facility other than your Franchised Center.
Professional Fees	$500	to	$2,500	As incurred	As arranged	Lawyers, accountants, state agencies	You will need to employ an attorney, accountant, and other consultants.
Insurance – 3 months	$0	to	$1,500	As incurred	As incurred	Vendors	The amount for insurance estimates your insurance expense during your first 3 months of operation. The annual estimate is approximately $500 per location, if you provide services under the School Services Amendment at a facility other than your Franchised Center. You may have to pay the entire annual premium initially. These figures are estimates and you may have additional insurance expenses starting or maintaining your school services business. You are required to maintain insurance as required under the School Services Contract and as required by the Franchisor in writing. Each insurance policy must name Huntington Learning Centers, Inc. as an additional insured. You must deliver to the Franchisor a Certificates of Insurance evidencing this minimum required insurance before you provide any school services in connection with the School Services Contract., and upon the Franchisor's written request.
Additional funds – 3 months	$8,000	to	$125,000	As incurred	As incurred	Franchisor, employees or vendors	You will need additional funds to support ongoing expenses, like payroll and utilities, to the extent that these costs are not covered by sales revenues. New businesses typically generate a negative cash flow. The Franchisor estimates that the amounts for additional funds in this Item 7 will be sufficient to cover ongoing expenses described in this note for the start-up phase of the business, which the Franchisor estimates to be 3 months, although it may be shorter or longer. This is only an estimate, however, and additional funds may be necessary during the first 3 months or afterwards. To determine the amounts you will need for additional funds the Franchisor relied upon the experience of its predecessor that has

NCLB Program							
Item	Estimated Amount			Method of Payment	When Due	To Whom Payment Is To Be Made	Remarks
							been offering educational services under the NCLB Program to determine the amounts you will need for additional funds. The amount for additional funds in the table estimates your expenses during your first 3 months of operation for advertising, marketing materials, telephone, royalties, part-time teacher payroll costs, supplies, and rent. This estimate does not include any initial or ongoing expenses related to electronic funds transfers, or any payment for any financing expense, including any third party finance expense, or any salary you pay yourself or any employees. This estimate does not include any other expense that you or others may consider vital or necessary during this 3-month period or any longer start-up phase that you may experience, like hiring full-time staff and having this staff trained. These figures are estimates and the Franchisor cannot guarantee that you will not have additional expenses starting the NCLB Program. Your costs will depend on many factors, including, by way of example, your management skill, experience, and business acumen; local economic conditions; the local market for the services you will provide; prevailing wage rates; competition; the sales level reached during the start-up period; and afterwards; and your adherence to the Franchisor's methods and procedures. Merely following the Franchisor's methods and procedures does not guarantee that you will not need additional funds in excess of those described in this Item 7 or that your start-up phase will be limited to 3 months.
Total	$13,550	to	$175,000				

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ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Requirements

You must meet the Franchisor's then-current standards and specifications for the services and products to be used at your Franchised Center as the Franchisor specifies in its Manual or otherwise in writing. You must purchase all products and supplies from suppliers for those services and products as the Franchisor specifies in the Manual or in writing that comply with the Franchisor's standards and specifications.

You must purchase, install, and use, at your expense, all fixtures, furnishings, equipment, graphics, decor, supplies, and signage as the Franchisor may direct in the Manual or otherwise in writing and in accordance with the Franchisor's standards and specifications. You must refrain from installing or permitting to be installed on or about the premises, or from using, without the Franchisor's prior written consent, any fixtures, furnishings, equipment, signage, graphics, or other items not previously approved in writing as meeting the Franchisor's standards and specifications.

Vendor Selection

Subject to your compliance with the Franchisor's other requirements, you may purchase your furniture, equipment, and supplies from any vendor of your choosing. The Franchisor does not negotiate purchase arrangements with suppliers for your benefit; and does not provide any material benefits to any franchisee based on the franchisee's use of designated or approved sources.

You must purchase certain products, including certain graphics and educational materials, which in some cases may be proprietary to the Franchisor, from designated suppliers (which may include the Franchisor) for use or sale at your Franchised Center.

Software, Phone Number, Advertising Material

You must license the Software from the Franchisor by executing the Franchisor's then-current, non-exclusive Software License Agreement simultaneously with your execution of the Franchise Agreement. You must license from the Franchisor the Phone Number, 1-800-CAN LEARN (1-800-226-5327) or those other telephone number(s) the Franchisor may designate from time to time, by executing the Franchisor's then-current, non-exclusive Phone Number License Agreement simultaneously with your execution of the Franchise Agreement. The Franchisor may furnish you advertising and promotional materials required for use from time to time at your Franchised Center and may charge you a fee for the cost of preparation and production of such materials. The Franchisor may derive revenue from those fees.

Products and Services Requested by You

The Franchisor formulates and modifies the standards and specifications imposed on its franchisees by evaluating the products and services of suppliers. If you want the Franchisor to approve your use of any product or service not in the Manual, you must submit information and samples related to the product or service as requested by the Franchisor. The Franchisor will review the information and samples in accordance with its standards and specifications. The Franchisor will notify you of its receipt of this information and samples and of its approval or disapproval of the submitted product or service. The Franchisor's review is completed in 120 days after the Franchisor receives all relevant information. You must not use any product or service not approved by the Franchisor in writing. The Franchisor does not make available to you its specifications, standards, and criteria for supplier approval. Except as described below with regard to Convention Sponsors and Sybase, Inc., no designated supplier makes payments to the Franchisor or any of its affiliates because of transactions with franchisees.

Lease Requirements

Within 10 days after you execute any lease or sublease for the Franchised Center premises, you must deliver a copy of your lease or sublease to the Franchisor, together with a fully-executed copy of the Franchisor's then-current form of landlord authorization, which will amend your lease or sublease and must include certain restrictive terms, including that: (a) you must use the leased premises solely for the operation of your Franchised Center; (b) you will be prohibited from subleasing or assigning all or any part of your occupancy rights without the Franchisor's written consent; (c) you will be prohibited from terminating, renewing, or amending the lease without the Franchisor's written consent; and (d) the Franchisor will be a third-party beneficiary of the landlord authorization and will have the independent right to enforce all of its rights under the landlord authorization.

The Franchisor does not represent it will review or cause others to review your lease or any proposed lease you provide to the Franchisor; however, if the Franchisor conducts any review of any lease or proposed lease you provide to the Franchisor, you agree to pay to the Franchisor all its attorney's and accountants' fees and expenses related to any lease review.

Sybase, Inc. Fees

You must license the Software from the Franchisor under the terms of the Software License Agreement. The Software uses certain software programs developed and maintained by Sybase, Inc. (the "Sybase Program"). The Franchisor has arranged for a group purchase of the Sybase Program license at a discount of approximately 30% from the price that would be charged to individuals who license the Sybase Program. The Sybase Program requires an initial fee and an annual maintenance fee. You pay the Franchisor the Sybase, Inc. initial fee at the individual rate when you execute the Software License Agreement and the annual maintenance fee at the individual rate each January 1 during the term of the Software License Agreement. The Franchisor pays Sybase, Inc. these fees at the group rate. The Franchisor may derive revenue from those fees, which is approximately 30% of the price you pay.

Phone Number Fees

You must license the Phone Number from the Franchisor under the terms of the Phone Number License Agreement. The Franchisor uses a company called Targus Corporation to maintain the Phone Number and to cause certain calls received through the Phone Number to be routed to your Franchised Center. Under the Phone Number License Agreement, you must pay a monthly service fee to the Franchisor, in the amount and as described in Item 6. The Franchisor collects this fee from all franchisees and pays Targus Corporation for its services based on a service contract between the Franchisor and Targus Corporation. In 2005, the Franchisor derived revenue from these fees as described in the section entitled, Revenue from Sale or Lease of Products and Services, in this Item 8.

Convention Sponsors

The Franchisor solicits its vendors to sponsor events at its annual convention. During the 2005 convention, 13 sponsors paid the Franchisor a total of $22,750 to sponsor various events. These vendors were Automatic Data Processing, Cramer-Krasselt Yellow Pages Services, Staples Business Advantage, Ridgewood Press, Targus Information Corp., Liberty Mutual, PGR Marketing, Kaiser Blair Inc., Primenet, NexGen Media, SLM Financial, Tech Repro, Inc., and Vira Manufacturing.

Revenue from Sale or Lease of Products and Services

Based on the Franchisor's audited financial statements for the year ending December 31, 2005, the Franchisor's revenues from the sale or lease of products and services to franchisees was $327,038, or 2.4% of the Franchisor's total revenues of $13,491,693. The Franchisor's revenues from the sale or lease of products and services to franchisees included the categories in the following table:

Product or Service	2005 Revenue	Percentage of Franchisor's Total Revenue
Educational Materials, primarily SAT and ACT materials	$302,129	2.2%
Sybase Inc. Fees	$24,909	0.2%
Total	$327,038	2.4%

The cost of products and services purchased or leased from the Franchisor or its affiliates represents between 3% and 4% of the cost of your initial total purchases or leases for the establishment of your Franchised Center, excluding the initial franchise fee and initial license fee payable to the Franchisor. After opening, the cost of products purchased from the Franchisor or its affiliates will represent less than 5% of your overall purchases in operating your Franchised Center.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

	Obligation	Paragraph in Franchise Agreement, Development Agreement, Software License Agreement, Phone Number License Agreement, Conference Service License Agreement, Call Center License Agreement, and School Services Amendment	Item in Offering Circular
a.	Site selection and acquisition/lease	Franchise Agreement - Paragraphs 2, 4 Development Agreement - Paragraph 4 School Services Amendment - Paragraph 5	Items 6, 11 and 12
b.	Pre-opening purchases/leases	Franchise Agreement – Paragraph 8	Items 6, 7 and 8
c.	Site development and other pre-opening requirements	Franchise Agreement - Paragraph 4 Development Agreement - Paragraphs 2, 4	Items 6, 7 and 11
d.	Initial and ongoing training	Franchise Agreement - Paragraphs 7, 15 Software License Agreement - Paragraphs 8, 10 Phone Number License Agreement - Paragraph 6 Conference Service License Agreement - Paragraphs 3, 7 Call Center License Agreement - Paragraph 7 School Services Amendment - Paragraphs 4, 5, 12	Items 7, 11 and 15
e.	Opening	Franchise Agreement - Paragraph 4	Item 11
f.	Fees	Franchise Agreement - Paragraphs 3, 4, 6, 7, 8, 11, 12, 13, 14, 19, 24 Development Agreement - Paragraph 3 Software License Agreement - Paragraph 4 Phone Number License Agreement - Paragraph 4 Conference Service License Agreement - Paragraph 4	Items 5, 6 and 7