

	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
		Call Center License Agreement - Paragraph 4 School Services Amendment - Paragraphs 6, 12	
g.	Compliance with standards and policies/Operating Manual	Franchise Agreement - Paragraphs 4, 7, 8, 10, 11, 12, 15 Software License Agreement - Paragraphs 5, 7, 10 Phone Number License Agreement - Paragraphs 6, 9 Conference Service License Agreement - Paragraphs 3, 4, 5 Call Center License Agreement - Paragraphs 3, 4, 5 School Services Amendment - Paragraphs 5, 6, 7	Items 8 and 11
h.	Trademarks and proprietary information	Franchise Agreement - Paragraphs 8, 9, 10 Development Agreement - Paragraph 2 Software License Agreement - Paragraph 7	Items 13 and 14
i.	Restrictions on products/services offered	Franchise Agreement - Paragraphs 2, 8 Software License Agreement - Paragraphs 3, 5, 7 Phone Number License Agreement - Paragraphs 3, 4	Items 8 and 16
j.	Warranty and customer service requirements	Franchise Agreement - Paragraph 8 Software License Agreement - Paragraphs 4, 8 Phone Number License Agreement - Paragraphs 4, 6 Conference Service License Agreement - Paragraph 7 Call Center License Agreement - Paragraph 7 School Services Amendment - Paragraph 9	Item 11
k.	Territorial development and sales quotas	Development Agreement - Paragraphs 2, 4	
l.	Ongoing product/service purchases	Franchise Agreement - Paragraphs 8, 15 Software License Agreement - Paragraphs 4, 5, 10 Phone Number License Agreement - Paragraph 4 Conference Service License Agreement - Paragraph 4 Call Center License Agreement - Paragraph 4 School Services Amendment - Paragraphs 5, 6, 12	Item 8 and 16
m.	Maintenance, appearance and remodeling requirements	Franchise Agreement - Paragraphs 3, 4, 8, 15 Software License Agreement - Paragraphs 3, 4, 5, 10 Phone Number License Agreement - Paragraph 3 School Services Amendment - Paragraph 5	Item 6 and 11
n.	Insurance	Franchise Agreement - Paragraphs 3, 13 School Services Amendment - Paragraph 10	Items 6 and 8
o.	Advertising	Franchise Agreement - Paragraphs 6, 12, 15 Call Center License Agreement - Paragraphs 5, 11 School Services Amendment - Paragraph 7	Items 6 and 11
p.	Indemnification	Franchise Agreement - Paragraphs 14, 19 Development Agreement - Paragraph 10 Software License Agreement - Paragraph 22 Phone Number License Agreement - Paragraph 19 Conference Service License Agreement - Paragraph 21 Call Center License Agreement - Paragraph 23 School Services Amendment - Paragraph 9	Item 6
q.	Owner's participation/management/staffing	Franchise Agreement - Paragraphs 8, 14 Development Agreement - Paragraph 6 Software License Agreement - Paragraph 5 Phone Number License Agreement - Paragraph 4	Items 11 and 15



	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
		Conference Service License Agreement - Paragraph 3 School Services Amendment - Paragraph 5	
r.	Records/reports	Franchise Agreement - Paragraphs 11, 19, 22 Software License Agreement - Paragraph 5	Item 6
s.	Inspections/audits	Franchise Agreement - Paragraphs 8, 11 Software License Agreement - Paragraph 5 School Services Amendment - Paragraph 6	Item 6 and 11
t.	Transfer	Franchise Agreement - Paragraphs 14, 22 Development Agreement - Paragraph 7 Software License Agreement - Paragraph 6 Phone Number License Agreement - Paragraph 5 Conference Service License Agreement - Paragraph 6 Call Center License Agreement - Paragraph 6 School Services Amendment - Paragraph 8	Item 17
u.	Renewal	Franchise Agreement - Paragraphs 3, 6 School Services Amendment - Paragraph 3	Item 17
v.	Post-termination obligations	Franchise Agreement - Paragraphs 3, 9, 16, 17, 25, 26 Development Agreement - Paragraph 8 Software License Agreement - Paragraphs 5, 11 Phone Number License Agreement - Paragraphs 4, 8 Conference Service License Agreement - Paragraphs 5, 8 Call Center License Agreement - Paragraphs 9, 10 School Services Amendment - Paragraph 12	Item 17
w.	Non-competition covenants	Franchise Agreement - Paragraphs 16, 17 Software License Agreement - Paragraphs 5, 7, 11 Phone Number License Agreement - Paragraphs 4, 8 School Services Amendment - Paragraph 12	Item 17
x.	Dispute resolution	Franchise Agreement - Paragraphs 21, 24 Development Agreement - Paragraph 10 Software License Agreement - Paragraphs 12, 13, 14, 17, 20 Phone Number License Agreement - Paragraphs 10, 11 Conference Service License Agreement, Paragraphs 10, 11 Call Center License Agreement - Paragraphs 12, 13 School Services Amendment - Paragraph 16	Item 17

ITEM 10. FINANCING

The Franchisor does not offer direct or indirect financing. The Franchisor does not guarantee your note, lease or obligation.

ITEM 11. FRANCHISOR'S OBLIGATIONS

Except as disclosed in this Item 11, the Franchisor need not provide any assistance to you.



Pre-Opening Obligations

Before you open your Franchised Center, the Franchisor is required by the Franchise Agreement to provide to you the following assistance and services:

1. The Franchisor will lend you one copy of the Manual for use during the term of the Franchise Agreement. (Franchise Agreement - Paragraph 5)
2. The Franchisor will provide you with design specifications for a prototypical Huntington Learning Center for adaptation by you to the premises of your Franchised Center. (Franchise Agreement - Paragraph 5)
3. The Franchisor will provide you with a list of products and services required for use at the Franchised Center, including educational materials and any required or suggested suppliers for the System. (Franchise Agreement - Paragraph 5)
4. The Franchisor will offer you an initial training program. (Franchise Agreement - Paragraphs 5 and 7)
5. The Franchisor will license the Software to you under its Software License Agreement. (Franchise Agreement - Paragraph 8)
6. The Franchisor will license the Phone Number to you under its Phone Number License Agreement. (Franchise Agreement - Paragraph 8)

Before you open your Franchised Center, the Franchisor is required by the Development Agreement to provide to you the following assistance and services: The Franchisor will furnish to you that advice about location selection guidelines and consultation as the Franchisor, in its sole discretion, deems necessary.

The Franchisor is not obligated by the Franchise Agreement, Development Agreement, or any other agreement to provide any other supervision, assistance, or services before the opening of your Franchised Center.

Continuing Obligations

During the ongoing operation of your Franchised Center, the Franchisor is required by the Franchise Agreement to provide the following assistance and service to you:

1. The Franchisor will provide you with modifications, additions, and deletions to the Manual in the manner determined by the Franchisor (Franchise Agreement - Paragraph 5)
2. The Franchisor will provide you, in its sole and absolute discretion, with that advice about the operation of your Franchised Center and delivery of the Franchisor Services as the Franchisor determines and in the manner determined by the Franchisor. (Franchise Agreement - Paragraph 5)
3. The Franchisor will offer to sell to you certain materials that are owned by, or licensed to, the Franchisor on terms and prices determined by the Franchisor in the price list in the Manual. The Franchisor may earn revenue from these transactions. (Franchise Agreement - Paragraph 5)
4. The Franchisor will make available to you from time to time advertising and promotional materials for use by your Franchised Center and may charge a fee to you for cost of preparation and production of these materials. (Franchise Agreement - Paragraphs 5 and 12).

The Franchisor is not obligated by the Franchise Agreement to provide any other assistance or service to you in



connection with the ongoing operation of the Franchised Center.

If you receive a notice of default for a default that cannot be cured, or you fail to cure a default after notice within the required time period, the Franchisor has the right to temporarily or permanently limit certain services or benefits provided or required to be provided to you under the Franchise Agreement, including those listed in this Item 11. The Franchisor may reinstate any of these services or benefits at any time and you must accept them. If the Franchisor limits any services or benefits as described in this paragraph, you are still responsible for paying all fees required under the Franchise Agreement, including any fees that are associated with services or benefits limited by the Franchisor. You have no right to a refund of any fees paid in advance for those services.

Advertising

You must not use any advertising or promotional materials, engage in any advertising or promotional activities, or advertise or promote in any print, broadcast, cable, electronic, computer, or other media (including, the Internet), in a manner not approved by the Franchisor. Before engaging in any of these activities, or using these materials or media, you must first submit them with a description of their use to the Franchisor for its written approval. The Franchisor has 30 days to approve these activities, material, and media and their use in writing. If the Franchisor does not approve the activities, materials, media, or use in writing within this 30-day period, the activity, material, media, and use will be deemed disapproved. All materials on which the Marks appear will include the designation or notice required in the Manual or by the Franchisor in writing.

Advertising Fund

Description

The Franchisor has created a fund (the "Advertising Fund") to pay the expenses of promoting and enhancing the value, general public recognition, and acceptance of the Marks. The Advertising Fund is administered by a separate corporation, Huntington Advertising Fund, Inc., as described below. The Advertising Fund may be spent on market research, on development, production, and placement of marketing programs and materials, in any media, in any geographic or market area, and to meet all costs of administering, directing, preparing, placing and paying for promotions, public relations, market research, advertising, and related activities, including the cost of preparing and conducting television, radio, electronic media (including the Internet), direct mail, magazine, and newspaper advertising campaigns and public relations activities and related activities and employing advertising agencies to assist with these activities. The Advertising Fund may provide, among other things, video and audio tapes, advertising slicks, public relations, and other items and services.

Purpose

The Advertising Fund is used to cover all administrative and operating costs and third-party expenses of the Advertising Fund and Huntington Advertising Fund, Inc. The Advertising Fund is not used to defray any of the Franchisor's general operating expenses, except that the Advertising Fund pays the Franchisor monthly 5% of the monies contributed to the Advertising Fund to reimburse the Franchisor for administrative costs and overhead incurred by the Franchisor in any activities related to the administration of the Advertising Fund. Neither the Franchisor nor Huntington Advertising Fund, Inc. will intentionally commingle monies in the Advertising Fund with the Franchisor's general funds. The Franchisor, through Huntington Advertising Fund, Inc., has the right to accumulate monies in the Advertising Fund and may accumulate any monies that are not spent in the year in which they accrue. Although the Advertising Fund is intended to be of perpetual duration, the Franchisor has the right to terminate it, if all its monies have been expended. (Franchise Agreement - Paragraph 12) The Franchisor anticipates the Advertising Fund will be audited, but is under no obligation to do so. The Franchisor does make available to franchisees a periodic accounting of the Advertising Fund.

The Advertising Fund may provide local, regional, national, or international coverage. Huntington Advertising Fund, Inc. is not obligated to spend any Advertising Fund monies in the geographic or market area in which your



Franchised Center is located or in any manner that is proportionate or equivalent to your contributions. (Franchise Agreement - Paragraph 12) In the past, the Franchisor has used both an in-house advertising department and an outside advertising agency to create and place advertising.

Management by Huntington Advertising Fund, Inc.

The Franchisor, through Huntington Advertising Fund, Inc., currently collects Advertising Fees from all franchisees who all contribute to the Advertising Fund at the same rate. (See Item 6) Huntington Advertising Fund, Inc. controls and determines the manner in which the monies in the Advertising Fund are expended.

Your Membership in Huntington Advertising Fund, Inc.

By your execution of the Franchise Agreement, you consent to, and become a member of, Huntington Advertising Fund, Inc. and you agree to comply with its applicable bylaws and other governing documents. (See Exhibit I to this Offering Circular for a copy of the bylaws of Huntington Advertising Fund, Inc. effective as of the date of this Offering Circular.) If you agree to be a director of Huntington Advertising Fund, Inc., you must use your best efforts to participate actively.

Marketing Council

As of the date of this Offering Circular, there is no Marketing Council composed of franchisees, representatives from the Franchisor affiliates, or Franchisor representatives. If the Franchisor creates a Marketing Council, its members will be determined by the Franchisor. The Marketing Council would serve only in an advisory capacity and would have no operational or decision-making power. The Marketing Council would solely advise the Franchisor on the use of the Advertising Fund. If you participate in the Marketing Council, you must use your best efforts to participate actively in it and in all its programs that are approved by the Franchisor. The Franchisor reserves the right to prepare and amend the bylaws of the Marketing Council, and may merge, change, or discontinue the Marketing Council, in its sole discretion, at any time.

Advertising Fund Expenditures

During calendar year 2005, the Advertising Fund spent 68% of its total expenditures on media and public relations, 20% on production, and 12% on general and administrative expenses.

Advertising Cooperative Association

Description

The Franchisor has created Advertising Cooperative Associations and requires you to become a member of one Association. The Franchisor has the right to determine the Association's membership, organization, by-laws, government, administration, starting date, ending date, and geographic area; and to change, dissolve, or merge any Association. (Franchise Agreement - Paragraph 12) All Association activities must be approved in advance by the Franchisor in writing; and no activity may be undertaken by any Association without the Franchisor's prior written approval. When Association members vote, each member Huntington Learning Center (including any Huntington Learning Center owned by the Franchisor or any of its affiliates) will be accorded one vote. Each Association's Cooperative Advertising Fees may be expended to meet any costs of placement and conduct of advertising and marketing programs in any media, in accordance with the Association's by-laws.

No promotional or advertising plans or materials may be used by any Association or furnished to its members without the prior written approval of the Franchisor. The Franchisor, in its sole and absolute discretion, may grant to any Huntington Learning Center an exemption for any length of time from the requirement of membership in an Association, upon written request of that franchisee or any Huntington Learning Center stating reasons supporting



the request for exemption. The Franchisor's decision concerning any request for exemption will be final.

Fees Payable to the Association of which You Are a Member

The Association of which you are a member will have 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. See Item 6. All Association members have the right to vote on all its expenditures. All Cooperative Advertising Fees will be maintained and administered solely in accordance with the agreement establishing the Association. If the Association operates according to written governing documents or prepares annual or periodic financial or operating statements, projections, or budgets, these documents, statements, projections, and budgets must be provided to the Franchisor and all members in a timely manner.

If an Association is established that is applicable to you or any geographic area in which your Franchised Center is located, you must immediately execute any documentation required by the Franchisor and become a member of the Association and comply with the applicable by-laws and other governing documents of the Association, including payment of any required Cooperative Advertising Fee.

You are encouraged to contact the Association of which you will become a member, since many Associations require contributions in excess of \$2,000 per month.

Internet

The Franchisor has the sole and absolute right to approve any use of the Marks and any object using or exhibiting the Marks, including all signs, decorations, stationery, business cards, brochures, forms, and web sites; and in every medium, including print, audio, video, electronic, and Internet.

Manual

Before you open your Franchised Center, the Franchisor will lend you one copy of its Manual. The Franchisor will provide you with any modifications, additions, and deletions to the Manual in the manner determined by it. (Franchise Agreement - Paragraph 5) The Manual's table of contents are in Exhibit R to this Offering Circular. You may view the Manual before signing the receipt in Exhibit U to this Offering Circular. Also see Item 14.

Computer Systems

Purpose

The Software performs certain administrative functions at your Franchised Center, including, for example, collection of information about inquirers and students and generates reports about schedules, finances, and billing, as well as Huntington's math, phonics, SAT, and ACT programs.

Software License Agreement

You must license the Software by executing the Software License Agreement in Exhibit C to this Offering Circular when you execute the Franchise Agreement. As of the date of this Offering Circular, the Software is the Franchisor's proprietary Learning Center Operations System.

The Software License Agreement requires payment of an Initial License Fee and annual Maintenance Fees, and its term is for the term of the Franchise Agreement. (See Item 5 of this Offering Circular for the Initial License Fee, and see Item 6 of this Offering Circular for the annual Maintenance Fee.)



Upgrades and Replacement

The Franchisor may upgrade this Software at any time and, if any upgrade is provided to you, you must implement it. (Software License Agreement - Paragraphs 3 and 5) The Franchisor has no obligation to provide ongoing maintenance, repairs, upgrades, or updates for this Software. If the Franchisor decides to replace the Software with other software for business reasons, then you must sign a new software license agreement licensing your use of this other software. (Software License Agreement - Paragraph 3)

Franchisor Access

You must permit the Franchisor access to the Software and its data and must perform the actions required to permit the Franchisor to communicate with the Software and to access and record it and its data, including, for example, the purchase, installation, and maintenance of appropriate communication hardware and software. (Franchise Agreement - Paragraph 11; Software License Agreement - Paragraph 5)

Computer Equipment; Internet

You must obtain computer hardware to operate the Software. This hardware is not proprietary property of the Franchisor and may be purchased from any supplier, providing it meets the Franchisor's minimum specifications. As of the date of this Offering Circular, this hardware consists principally of two non-networked personal computers and a printer, and is described in the Manual. You must also install, maintain, and upgrade during the term of the Franchise Agreement an Internet connection and an electronic mail account for your Franchised Center. (Franchise Agreement - Paragraph 11; Software License Agreement - Paragraph 5) You must obtain and use the highest-speed Internet connection available. If the Franchisor is unable to support the Software or communicate with it and its data using an Internet connection, then the Franchisor may charge you material, handling, support, and communication charges for its support of the Software. (Software License Agreement - Paragraph 5) The Franchisor is not required to provide or assist in your obtaining the hardware, communication software, or Internet connection.

You may be required to purchase and install upgrades to your computer system (hardware and software) as the Franchisor decides to adopt (Franchise Agreement - Paragraph 4.5; Software License Agreement - Paragraph 3). There are no contractual limitations on the frequency or costs of such upgrades.

Site Selection

Time to Open

You must identify a location for your Franchised Center, obtain the Franchisor's approval for this location, and open your Franchised Center within 180 days after the date of the Franchise Agreement. You may, however, request a one-time extension of this 180-day period. If the Franchisor grants you an extension, you must execute the Franchisor's then-current general release of the Franchisor and the Franchisor's affiliates and their officers, directors, employees, and agents, to the extent not prohibited by applicable law. If granted, the length of any extension will be determined by the Franchisor, but will not be greater than 90 days. (Franchise Agreement - Paragraph 4) Typical locations are described in Item 1.

Franchisees typically open their Huntington Learning Centers 4 to 6 months after they sign a franchise agreement.

Site Approval

The factors the Franchisor considers in approving locations are described in the Manual. You must obtain the Franchisor's written approval before opening the Franchised Center. (Franchise Agreement - Paragraph 4) The Franchisor will approve or disapprove your proposed site within 30 days of its receipt of all information necessary to review the site. If the Franchisor does not approve your proposed site in writing within 30 days, it is deemed



disapproved. If you fail to open and operate your Franchised Center within 180 days (or before the expiration of any extension period granted by the Franchisor), the Franchisor has the right to terminate your Franchise Agreement. (Franchise Agreement - Paragraph 15)

Lease

You must obtain the lease for your Franchised Center location and, within 10 days after you execute any lease or sublease for the premises, you must deliver a copy of the lease or sublease to the Franchisor, together with a fully-executed copy of the Franchisor's then-current form of landlord authorization. (Franchise Agreement - Paragraph 4) The Franchisor does not review your lease. (Franchise Agreement - Paragraph 4)

Site Improvements

You will be responsible to conform the premises to local ordinances and building codes and to obtain all zoning classifications, permits, and clearances, including health, sanitation, building, utility, sign permits, and certificates of occupancy, that may be required by federal, state, or local laws, ordinances, or regulations, or that may be necessary or advisable owing to any restrictive covenants about the premises or required by the lessor. (Franchise Agreement - Paragraph 4)

Development Agreement

If you and the Franchisor execute a Development Agreement before your acquisition of any location for a Franchised Center, you must submit to the Franchisor, in the form specified by the Franchisor, the description of the proposed location and the information or materials that the Franchisor may require, together with a letter of intent or other evidence satisfactory to the Franchisor that confirms your favorable prospects for obtaining the proposed location. The Franchisor will have 30 days after receipt of the description of the proposed location and other information and materials from you to accept the proposed location for development as a Franchised Center. If the Franchisor does not provide notice of location acceptance to you within the 30-day period, then the proposed location will be deemed rejected. No proposed location will be deemed accepted unless it has been expressly accepted in writing by the Franchisor. If the Franchisor approves a proposed location, you must execute the Franchise Agreement for the Franchised Center and submit it to the Franchisor within 30 days of your receipt of the Franchisor's notice of location acceptance.

If you and the Franchisor execute a Development Agreement, the Franchisor estimates that the time from the execution of the Development Agreement to beginning operation of the first Franchised Center will be approximately 4 to 6 months. The factors that affect this time include the ability to select a site, obtain a lease, design and construct the facility, obtain inventory and equipment, obtain financing, obtain building and professional permits and licenses, comply with zoning and local ordinances, comply with certification requirements, and the ability to cope with weather conditions, shortages, strikes, unexpected events, and delays, like delays in installation of equipment, fixtures, and signs.



Training Program

Initial Training

Within 180 days after you and the Franchisor sign the Franchise Agreement and before you open your Franchised Center, you (or, if you are a corporation, partnership, or limited liability company, a person who has at least a 20% ownership interest in you) and your manager (if any) must complete the Franchisor's initial training program to the Franchisor's satisfaction. (Franchise Agreement - Paragraph 7) The Franchisor requires your full-time staff complete the initial training program to the Franchisor's satisfaction within 90 days of their hire by you. You may request a 30-day extension of this 90-day period. The Franchisor has the right to require you and any of your full-time or part-time staff attend any continuing training, meetings, workshops, and the Franchisor's annual convention.

As of the date of this Offering Circular, the Franchisor requires all franchisees and all full-time staff who fill the positions of Assistant Director, Managing Director, and Center Director to attend initial training, although staff members receive less training than franchisees. No individual who does not complete training to the Franchisor's satisfaction may fill any of these positions. The initial training program is supervised by Peggy Kearney; her relevant employment history is described in Item 2. Instructional materials include the Manual and materials that provide examples and case histories. The subjects covered in the Franchisor's initial training program are described in the table below:

The initial training program for franchisees is approximately 21 days over 4 weeks and is described in the table below. This program consists of classroom instruction and on-the-job training. It is conducted on an as-needed basis at the Franchisor's headquarters, a nearby hotel, a Huntington Learning Center near the Franchisor's headquarters, or at other locations.

Initial Training Program				
Subject	Hours of Classroom Training	Hours of on-the-job training	Location	How often held
Business Plan and Operation	12	0	Headquarters	As needed
Learning Center Services and Administration	45	0	Headquarters	As needed
Initial Inquiry	7.5	0	Headquarters	As needed
Initial Conference	20	0	Headquarters	As needed
Interim Conference	12	0	Headquarters	As needed
School Marketing	6	0	Headquarters	As needed
Center Operation	12	30	Headquarters and Huntington Learning Centers near Headquarters	As needed
Center Analysis	6	0	Headquarters	As needed
Marketing	15	0	Headquarters	As needed
Exam Prep	22.5	0	Headquarters	As needed
School Services	14	0	Headquarters	As needed

Subsequent Training

As of the date of this Offering Circular, the Franchisor requires you to attend an additional, two and one-half-day intermediate training program within 18 months after you open your Franchised Center.

The Franchisor has the right to require you (or, if you are a corporation, partnership, or limited liability company, a person who has at least a 20% ownership interest in you) attend any additional initial or subsequent training program; and to re-attend the initial training program if you do not complete this program to the Franchisor's satisfaction. (Franchise Agreement - Paragraph 7)



Training Standards

The Franchisor has the right to determine the curricula, standards, location, direction, manner of instruction (including, for example, video-conferencing and Internet), class size, and all other aspects of all training, meetings, workshops, and conventions conducted by the Franchisor.

Training Fees

The Franchisor has the right to require you pay the then-current training fee for each trainee attending any portion of any training required by the Franchisor, including, for example, the Franchisor's initial training program. You will be solely responsible to pay all costs and expenses related to your and your manager's and staff's training, including their salaries and expenses for travel, food, and lodging. (Franchise Agreement - Paragraph 7) The Franchisor pays no compensation to you or your staff for any on-the-job training in which you or they participate.

NCLB Program

Pre-Opening Obligations

If the Franchisor offers you the opportunity to participate in the NCLB Program and you elect to enter into a School Services Amendment with the Franchisor, the Franchisor will be required by the School Services Amendment to provide to you the following assistance and services before you begin offering services under the School Services Amendment:

1. The Franchisor will apply and obtain approval to provide educational services in connection with any local, state, or federal government program, including the NCLB Act, and apply and obtain approval as an approved provider in the state or states where you have been granted the right to offer school services under the School Services Amendment. (School Services Amendment - Paragraph 2)
2. The Franchisor will lend you one copy of the manual used in connection with the NCLB Program (the "School Services Manual") for use solely by you during the term of the School Services Amendment. (School Services Amendment - Paragraph 4)
3. The Franchisor will license to you its management information system used in connection with the NCLB Program (the "School Services Software") under its then-current, non-exclusive software license agreement. (School Services Amendment - Paragraph 5)

The Franchisor is not obligated by the School Services Amendment to provide any other supervision, assistance, or services before you begin operating under the School Services Amendment.

Continuing Obligations

During the term of your School Services Amendment, the Franchisor will provide you with modifications, additions, and deletions to the School Services Manual as it determines. (School Services Amendment - Paragraph 4)

The Franchisor is not obligated by the School Services Amendment to provide any other supervision, assistance, or services in connection with your ongoing operations under the School Services Amendment.

School Services Fund



Description of the School Services Fund

The Franchisor has created a fund (the "School Services Fund") to pay the expenses of advertising, marketing, lobbying, and related activities in connection with the NCLB Act and NCLB Program. The School Services Fund is administered by a separate corporation, Huntington School Services Fund, Inc., as described below.

Contributions to the School Services Fund may be used for marketing and application for approved provider status; marketing, soliciting, obtaining, and managing contracts with local education agencies; marketing and solicitation to schools, parents, and students; recruiting and solicitation of parents and students; marketing to, lobbying of, and participation in educational and other trade organizations and associations, governmental entities, and any related entities or organizations, and any activities related; market research; development, production, and placement of marketing programs and materials in any media and in any geographic or market area; enhancing or supporting the Franchisor's brand awareness and brand in educational and marketing activities; administering, directing, preparing, placing, and paying for lobbying, promotions, public relations, market research, advertising, and related activities, including the cost of preparing and conducting television, radio, trade shows, electronic media (including the Internet), direct mail, magazine, and newspaper advertising and lobbying and public relations activities and related activities and employing advertising, lobbying, and other agencies to assist with all these activities; and any and all costs of these activities. (School Services Amendment - Paragraph 7)

Purpose of the School Service Fund

The School Services Fund is used to cover all administrative and operating costs and third-party expenses of the School Services Fund and Huntington School Services Fund, Inc., including accountants' and attorneys' fees and expenses. The School Services Fund is not to be used to defray any of the Franchisor's general operating expenses, except that the School Services Fund will pay the Franchisor monthly 5% of the monies contributed to the School Services Fund to reimburse the Franchisor for administrative costs and overhead incurred by the Franchisor in any activities related to the administration of the School Services Fund.

The School Services Fund may provide coverage that is local, regional, national, or international in scope. Huntington School Services Fund, Inc. is not obligated to spend any School Services Fund monies in the geographic or market area in which your Franchised Center is located or in which you provide school services, or to spend those monies in any manner that is proportionate or equivalent to your contributions. The Franchisor, through Huntington School Services Fund, Inc., has the right to accumulate monies in the School Services Fund and may accumulate any monies that are not spent in the year in which they accrue. Although the School Services Fund is intended to be of perpetual duration, the Franchisor has the right to terminate it. (School Services Amendment - Paragraph 7)

The Franchisor anticipates the School Services Fund will be audited, but is under no obligation to do so. The Franchisor does make available to franchisees a periodic accounting of the School Services Fund. During calendar year 2005, the School Services Fund spent 24% of its total expenditures on media and public relations, 65% on production, and 11% on general and administrative expenses

Additional information about these topics

Refer to Items 6, 8, and 9 of this Offering Circular for additional information about the topics discussed in this Item 11.

ITEM 12. TERRITORY**Franchise Agreement**

Approved Location; Exclusive Area Radius

The Franchise Agreement grants you the right to operate the Franchised Center only at a location approved by the Franchisor. (Franchise Agreement - Paragraph 2) You will be granted either no Exclusive Area or an Exclusive Area that will be a geographic area equal to a certain radius of the Approved Location, as determined by you and the Franchisor. (Franchise Agreement - Paragraph 1).

The radius of the Exclusive Area about your Approved Location is determined by you and the Franchisor. The radius is up to three miles and is zero in certain instances, if, for example, your Approved Location is in or near a major metropolitan area, densely populated area, or low-income area. When the Approved Location is near, but not in, these kinds of areas, the Exclusive Area typically is reduced to exclude those areas.

Minimum Requirements

The continuation of your Exclusive Area does not depend on achievement of any minimum sales volume or market penetration requirements for your Franchised Center, except as described in this paragraph. Under the Franchise Agreement your Gross Revenue must equal or exceed \$400,000 during every complete 12-month period following the fifth anniversary of the date of your Franchise Agreement; however, if you are the transferee of a Huntington Learning Centers, Inc. franchise agreement, your Gross Revenue must equal or exceed \$400,000 during every complete 12-month period following the first anniversary of the Agreement Date; and, if you are renewing a Huntington Learning Centers, Inc. franchise agreement, your Gross Revenue must equal or exceed \$400,000 during every complete 12-month following the Agreement Date. If you fail to meet this requirement, the Franchisor has the right to terminate the Franchise Agreement. In addition, upon renewal, the Franchise Agreement may grant a smaller Exclusive Area than your current Franchise Agreement. The Franchise Agreement requires the payment of minimum Continuing Royalty and Advertising Fees, as described in Item 6.

Marketing of Huntington Services

You may market Huntington Services in any geographic area, except (1) in the territory of any other franchisee operating under a Huntington Learning Centers, Inc. franchise agreement in which a territory has been granted (unless otherwise permitted by the Franchisor in writing), or (2) as otherwise restricted by the Franchise Agreement.

Relocation of the Franchised Center

You may relocate your Franchised Center only after receiving written approval from the Franchisor and upon the payment of a relocation fee and execution of the Franchisor's then-current general release of the Franchisor and the Franchisor's affiliates and their officers, directors, employees, and agents, to the extent not prohibited by applicable law. The Franchisor has the absolute right to refuse to approve any relocation (a) for any reasonable business reason; (b) if you are in default of this Agreement; or (c) if you or any of your affiliates are in default of any agreement between you or any of your affiliates or the Franchisor or any of its affiliates. The Franchisor has the absolute right to refuse to approve any relocation of your Franchised Center outside the Exclusive Area.

Government Programs

Only the Franchisor and its affiliates have the right, but not the obligation, to obtain approval to provide educational services in connection with any local, state, or federal government program, including, for example, the NCLB Act, and to provide these services. You must not apply to provide, or provide, educational services in connection with the NCLB Act or any other local, state, or federal government educational program, or enter into any contract or agreement to provide any these services, without the Franchisor's prior written approval.

If you participate in the NCLB Program by entering into a School Services Amendment, the Franchisor will grant you the limited and non-exclusive right and obligation to offer and provide the educational services described in the School Services Contract within the schools or geographic area designated by the Franchisor in the School Services



Amendment (the "School Services Area"). The Franchisor has the right to offer and provide, and may grant to any third party the right to offer and provide, school services in connection with any School Services Contract at any location, but the Franchisor will not provide, and will not grant to any third party the right to provide, those school services within your School Services Area. (School Services Amendment - Paragraph 2)

Territory Amendment

If you are renewing a Huntington Learning Centers, Inc. franchise agreement or if you are an assignee of a Huntington Learning Centers, Inc. franchise agreement, then you must sign the Territory Amendment to the Franchise Agreement in order to continue operating your Franchised Center within that territory as described in your Franchise Agreement ("Territory") and, during the term of your Franchise Agreement: all your advertising for your Franchised Center must be conducted solely in your Territory or in media (like newspapers and radio) that claim circulation in your Territory; you must not advertise your Franchised Center in any media that do not claim circulation in your Territory; all your marketing for your Franchised Center must be solely in your Territory; you must not market your Franchised Center outside your Territory without the Franchisor's written consent; and you must not visit any person or organization, including schools, employers, and government agencies, located outside your Territory for your Franchised Center without the Franchisor's prior written consent. During the initial term of your Franchise Agreement: The Franchisor will not establish or operate, or license any other party to establish or operate, a Huntington Learning Center within your Territory. The Franchisor and its affiliates retain the same rights in your Territory as the Franchisor and its affiliates retain in the Exclusive Area, as described in the preceding paragraphs. The Territory Amendment is in Exhibit H to the Offering Circular.

Option upon Renewal

If you enter into a renewal franchise agreement with the Franchisor and the renewal agreement's exclusive area is contained within, and is smaller than, the Exclusive Area granted in your existing Franchise Agreement, then the Franchisor will grant you the limited, non-transferable right to obtain franchise rights for one Huntington Learning Center in the geographic area comprised of the difference between the renewal agreement's exclusive area and the Exclusive Area granted in your existing Franchise Agreement, if you comply with the conditions described in the Franchise Agreement. If you do not enter into a franchise agreement to develop the additional Huntington Learning Center, the right granted to you to do so will terminate on the 180th day after the Franchisor's execution of your renewal franchise agreement, and the Franchisor and its affiliates will have the right anytime after that to open or franchise a Huntington Learning Center at any location outside your renewal franchise agreement's exclusive area.

Retained Rights

The Franchisor will not establish or operate, or license any other party to establish or operate, a Huntington Learning Center within your Exclusive Area during the term of your Franchise Agreement. (Franchise Agreement - Paragraph 2). Except as described in this Item 12, the Franchisor may establish other franchised or company-owned outlets that may compete with your location. The Franchisor and its affiliates retain the rights, among others, in their sole and absolute discretion:

1. To establish or operate, and license others to establish or operate, a Huntington Learning Center, at any location outside your Exclusive Area, notwithstanding this center's proximity to your Franchised Center;
2. Within and outside your Exclusive Area, to market, sell, or distribute, or to license or contract with others to market, sell or distribute, any educational products or services of any kind (including books; audio tapes; video tapes; study aids; computer software and other software; testing materials; curricula; or teaching, training, computerized instruction, testing, instructional, counseling or guidance services) to any person, organization, or public or private entity, using the Marks or other trademarks or service marks, through any channel of distribution (including through any computer service, the Internet, or any computer, television, or other electronic device; bookstores or any other retail outlets; mail order; or guidance centers);



3. Within your Exclusive Area, to offer, sell, and provide (and to contract with, or license, others to offer, sell, and provide) any products and services of any kind (other than Exam Preparation Services and Learning Center Services) under the Marks or other trademarks or service marks, and to develop and establish other businesses and systems using trademarks and service marks other than the Marks for any products and services (other than Exam Preparation Services and Learning Center Services), and to grant licenses thereto, without providing any rights to you;
4. Within and outside your Exclusive Area, to acquire and afterwards own and operate, and franchise or license others to own and operate, any educational business or other business of any kind, including any business that offers products or services the same as or similar to Exam Preparation Services and Learning Center Services under the System or using the Marks or any other system or trademarks or service marks. Prior to the establishment or operation by the Franchisor or any franchisee of the Franchisor in your Exclusive Area of any educational business of the type the Franchisor acquires and that offers products or services that, in the Franchisor's determination, are the same as or similar to Exam Preparation Services and Learning Center Services, the Franchisor will give you the option to establish and operate this business, as a franchised or licensed business, in your Exclusive Area on terms reasonably determined by the Franchisor. If you agree in writing to franchise or license this business within 60 days after this offer, you must execute all applicable documents to franchise or license this business within 180 days after this offer. If you do not agree in writing to franchise or license this business within 60 days after this offer, or if you do not execute all applicable documents to franchise or license this business within 180 days after this offer, the Franchisor will have the right itself to establish and operate, or franchise or license others to establish and operate, this business in your Exclusive Area; and
5. Outside your Exclusive Area, to offer, sell, and provide (and to contract with, or license, others to offer, sell, and provide) any products and services of any kind (including Exam Preparation Services and Learning Center Services) under the Marks or other trademarks or service marks, and to develop and establish other businesses and systems using trademarks and service marks other than the Marks for any products and services, including Exam Preparation Services and Learning Center Services, and to grant licenses without providing any rights to you.

Development Agreement

Development Area and Development Schedule

The assigned geographic area granted to you under the Development Agreement (the "Development Area") is, except as noted below, a protected area, with a radius ranging from ¼ mile to 3 miles, within which you are obligated to establish and operate Franchised Centers as required by the Development Agreement. The number of Franchised Centers to be developed and the schedule on which they must be developed will be set out in a development schedule (the "Development Schedule") in the Development Agreement. The Development Agreement will contain a description of the Development Area within which each Franchised Center must be located.

Territorial Protection

The territorial protection granted to you under the Development Agreement prohibits the Franchisor from establishing or operating, or granting another party the right to establish or operate, a Huntington Learning Center in the Development Area during the term of the Development Agreement, except that the Franchisor and its affiliates retain the same rights in your Development Area as the Franchisor and its affiliates retain in the Exclusive Area, as described above in the Retained Rights paragraph in this Item 12.

The Franchisor may establish or license someone other than you to establish a Huntington Learning Center in the Development Area after completion of the Development Schedule or termination of the Development Agreement. The territorial protection under the Development Agreement is not dependent upon the achievement of a certain



sales volume, market penetration, or any other contingency, and there are no circumstances under which the Development Area may be altered, except that, if you fail to adhere to the Development Schedule, the Development Agreement will terminate automatically.

No Further Rights Granted

Except as described above, neither the Franchise Agreement nor the Development Agreement provides you with any options, rights of first refusal, or similar rights to acquire additional franchises in any area.

No Other Franchisor Outlets or Channels of Distribution

The Franchisor has present plans to offer franchises through an affiliated entity being formed under the same marks described in this Offering Circular ("School Services Franchises"). The School Services Franchises would offer School Services under the NCLB Act (as described in Item 1) that are similar to the Huntington Services that would be offered by you at your Franchised Center. The School Services Franchises would operate under a system that is substantially similar to the NCLB Program described in Item 1 of this Offering Circular. At some time after the Franchisor's affiliate begins to sell School Services Franchises, it is the Franchisor's present intention that the School Services Amendment will not be offered to franchisees of the Huntington System, including you. The Franchisor presently anticipates that it will begin offering School Services Franchises in 2006. Huntington Learning Corporation provides School Services under the NCLB Act at certain of its Huntington Learning Centers.

The Franchisor and its affiliates, and franchisees of the Franchisor and its affiliates, will have the right to solicit and accept business within your Exclusive Area but such students will be of a different type than those in your Franchised Center. School Services Franchises will provide services only to students who qualify for School Services under the NCLB Act, and they will be required to become approved providers of School Services under the NCLB Act. Since you will not be granted the right to offer School Services as a franchisee of the System described in this Offering Circular, the School Services Franchises will not be directly competing with you. The franchisor of the School Services Franchises will not maintain separate offices or training facilities, and its principal place of business will be the same as the Franchisor's, as set forth in Item 1.

Except as described herein, neither the Franchisor nor any of its affiliates has established any other franchises or company-owned outlets or another channel of distribution selling or leasing similar products or services under another trademark, but the Franchisor and its affiliates reserve the right to do so.

ITEM 13. TRADEMARKS

You will be licensed by the Franchise Agreement to use the Marks in the operation of a Franchised Center under the name "Huntington Learning Center". You may also use the Franchisor's other current or future Marks to operate your Franchised Center. The Franchisor and its predecessors have registered the following Marks:

On August 27, 1985, the United States Patent and Trademark Office approved for registration and registered on the Principal Register "Huntington Learning Center" as a service mark, Registration No. 1,357,269 owned by Huntington Learning Corporation. On April 16, 1991, the United States Patent and Trademark Office accepted the declaration for continued use and incontestability for this mark. This mark has been renewed.



On January 13, 1987, the United States Patent and Trademark Office approved for registration and registered on the Principal Register the three leaf logo as a service mark, Registration No. 1,425,199 owned by the Franchisor. On January 6, 1993, the United States Patent and Trademark Office accepted the declaration for continued use and incontestability for this mark. This mark has been renewed.



As of the date of this Offering Circular, there are no effective material determinations of the patent and trademark office, trademark trial and appeal board, the trademark administrator of this state or any court; nor is there any pending infringement, opposition, or cancellation proceeding; nor is there any pending material litigation involving the principal trademarks. As of the date of this Offering Circular, no agreements in effect significantly limit the Franchisor's right to use or license the use of the Franchisor's Marks in a manner material to you. The Franchisor does not know of either superior prior rights or infringing uses that could materially affect your use of the Franchisor's Marks in any state.

You must promptly notify the Franchisor of any suspected infringements, imitations, or suspected unauthorized use of the Marks, or any challenges to the validity, the Franchisor's ownership of, right to use and license others to use, or to your use of, the Marks. The Franchisor has the sole right to institute, defend, direct, and control any judicial, arbitration, and administrative proceedings and actions involving the Marks, including any settlement. The Franchisor has the right to take action against uses by others that may constitute infringement of the Marks, but is not obligated to do so. The Franchisor has the right, but not the obligation, to defend you against any third-party claim, suit, or demand arising out of your use of the Marks. If the Franchisor provides the defense, the cost of the defense, including the cost of any judgment or settlement, will be borne by you. If the Franchisor undertakes the defense or prosecution of any judicial, arbitration, or administrative proceedings or actions affecting the Marks, you must cooperate with the Franchisor in these proceedings or actions and you must execute all documents and do those acts and things as may, in the opinion of the Franchisor's counsel, be necessary to comply with the Franchise Agreement, including being named as a nominal party in any proceedings or actions. The Franchisor will not indemnify you for damages or expenses incurred by you if you are a party to any judicial, arbitration, or administrative proceedings or actions involving the Marks. The Franchisor will not be liable for any loss, expense, or damage incurred by you because of your use of the Marks, except as described in this Item 12. Under the Franchise Agreement, you must irrevocably appoint the Franchisor or the Franchisor's nominee to be your attorney-in-fact coupled with an interest, with power of substitution, to execute and to file for you any relevant document and to perform any legal act necessary to defend, compromise, and settle in any judicial, arbitration, or administrative proceedings or actions affecting the Marks. Solely with the Franchisor's written consent, you may participate at your own expense in any judicial, arbitration, or administrative proceedings or actions affecting the Marks.

The Franchisor reserves the right to modify, amend, or discontinue the Marks at any time, and to substitute different Marks, for use in identifying the System and the franchised Huntington Learning Centers. You must immediately comply with this modification, amendment, discontinuance, or substitution when notified by the Franchisor to do so, at your sole cost and expense, and the Franchisor will have no liability or obligation to you.

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

You do not receive the right to use an item covered by a patent or copyright, but, upon execution of the Franchise Agreement, you may use the proprietary information in the Franchisor's Manual; and, upon execution of the Software License Agreement, you may use the Software; and, upon execution of the Phone Number License Agreement, you may use the Phone Number. The Software and the Phone Number and their related fees are described in Items 6 and 11. If you enter into a School Services Amendment and a license agreement for the School Services Software, you will have the right to use the School Services Manual and School Services Software. These are described in Item 11. Although the Franchisor has not filed an application for a copyright registration for the Manual, Software, School Services Manual, or School Services Software in use as of the date of this Offering Circular, it claims a copyright and the information is proprietary. If you know of any unauthorized disclosure or use of the Manual, Software, School Services Manual, School Services Software, or any Franchisor proprietary information or trade secret, you



must notify the Franchisor and the Franchisor has the right to take any action it thinks appropriate.

Patents and Copyrights

The Franchisor does not own any right in, or to, any patents or registered copyrights that are material to the franchise.

Manual

The Franchisor's Manual includes the description of the Franchisor System's uniform standards, specifications, policies, and procedures for marketing techniques, operational procedures, business practices, and management methods. The purpose of the Manual is to protect the reputation and goodwill of the Franchisor and to maintain uniform standards of operation under the Marks and System. The Franchisor has the sole and absolute right to modify, add to, and delete from, the Manual for any business purpose at any time. When notified in writing by the Franchisor, you must promptly update your copy of the Manual with any modifications of, additions to, and deletions from, it. Any written notice that the Franchisor delivers to you containing any modification of, addition to, and deletion from the Manual will bind you upon your receipt of the notice. You must use the Manual solely for the operation of your Franchised Center. The Manual contains confidential business information and trade secrets that belong to the Franchisor. The Franchisor owns the Manual and all rights, including proprietary rights, in, and to, the Manual and its information. Any copies and summaries of the Manual are, and will at all times remain, the property solely of the Franchisor. You must at all times treat the Manual and its information as confidential. You must use all reasonable efforts to maintain the information in the Manual as secret and confidential.

The Franchisor's School Services Manual includes the description of the Franchisor's NCLB Program. The Franchisor will loan one copy of the School Services Manual to you in connection with the School Services Amendment, if you enter into that agreement. The School Services Manual is for use solely by you and solely during the term of the School Services Amendment. The Franchisor will provide you with modifications, additions, and deletions to the School Services Manual, as the Franchisor determines and in the manner determined by the Franchisor.

Confidential Information

You will receive certain valuable information about your Franchised Center, including its development and operation and the System. This information includes marketing techniques, operational procedures, business practices, and management methods not generally known. All of these marketing techniques, operational procedures, business practices, and management methods constitute valuable information, which are trade secrets of the Franchisor.

You must not, during or after the term of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, limited liability company, corporation, or other entity, any confidential information, knowledge, or know-how concerning the methods of operation of your Franchised Center (including the Manual) which may be communicated to you or any of your employees or of which you or your employees may be apprised by virtue of your operation under the Franchise Agreement. You may divulge confidential information only to your employees who must have access to it in order to operate your Franchised Center. All information, knowledge, know-how, techniques, and other data that the Franchisor designates as confidential will be confidential for purposes of the Franchise Agreement. If you become aware of any unauthorized disclosure or use of the Manual or any confidential information or trade secret of the Franchisor, you must immediately notify the Franchisor in writing, and the Franchisor will have the sole and absolute right to take all actions it deems appropriate.



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

Best Efforts; Supervision

You must use your best and continuing efforts to promote and develop Huntington Services at your Franchised Center. You (or if you are a corporation, partnership, or limited liability company, a person who has at least 20% ownership interest in you) must devote your full time and best efforts to the operation and management of your Franchised Center. You (or if you are a corporation, partnership, or limited liability company, a person who has at least 20% ownership interest in you) or your Manager must exercise full-time, on-premises supervision of your Franchised Center during all hours it is open or operating. However, if you have not operated or managed a Huntington Learning Center prior to executing this Agreement, then you may only appoint a Manager to exercise full-time, on-premises supervision of your Franchised Center (during all hours it is open or operating) after the Franchised Center has been open and operating for a minimum of 12 complete months. Your manager must complete the Franchisor's initial training program to the Franchisor's satisfaction within 3 months of the date of hire by you. Other than completing this initial training program, there are no limitations on whom you can hire as an on-premises supervisor.

If you are a corporation, partnership, or limited liability company, you must designate a Franchisee Member (with at least a 20% ownership interest in you) or your Manager to be the primary contact person that the Franchisor may contact at any reasonable time with regard to the operation of the Franchised Center. You must immediately notify the Franchisor if you designate another person as such primary contact person.

Confidentiality and Non-competition Agreement

You must require your spouse, the Franchisee Members, the spouses of the Franchisee Members, your manager, the spouses of guarantors, and any employees having access to any of the Franchisor's confidential information to sign a Confidentiality and Non-competition Agreement, which is an exhibit to the Franchise Agreement. The Confidentiality and Noncompetition Agreement requires that these individuals not disclose confidential information, as described in that agreement and requires that these individuals agree to a non-compete covenant during the term of the Franchise Agreement and for a continuous uninterrupted period of 2 years starting on the date of termination of employment.

School Services Amendment

If you enter into a School Services Amendment with the Franchisor, you must appoint a manager to exercise full-time supervision of all school services provided under the School Services Amendment and School Services Contract for the term of the School Services Amendment. The manager must work at least 40 hours per week during the term of the School Services Amendment at or through your Franchised Center in this undertaking.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Requirements

You must offer and provide all Huntington Services specified by the Franchisor in the Manual or in writing, and no other services or products. You must refrain from using or permitting the use of your Franchised Center premises for any other business purpose or activity. You must discontinue offering and selling any services or products that the Franchisor may disapprove at any time. You must adhere to all standards, specifications, policies, and procedures



related to Huntington Services as required in the Franchise Agreement, the Manual, and by the Franchisor in writing. You must refrain from offering for sale or selling any Huntington Services in any manner other than at your Franchised Center premises, including through any computer service, the Internet, or any computer, television, or other electronic device.

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

Modification

The Franchisor has the right, in its sole and absolute discretion, to supplement, modify, and delete from, the System at any time, upon written notice to you, and you must promptly comply with all requirements of the Franchisor in that regard, including offering and selling new products and services as the Franchisor specifies. See also Items 8, 9, and 12.

Governmental Programs

Under the terms of the Franchise Agreement, you are not permitted to apply, or obtain approval, to provide educational services in connection with any local, state, or federal government program, including the NCLB Act, or to provide those services. You may not provide, or apply to provide, educational services in connection with, the NCLB Act or any other local, state, or federal government educational program, or enter into any contract or agreement to provide those services, without the Franchisor's prior written approval.

If you enter into a School Services Amendment with the Franchisor, you must perform the Franchisor's obligations under the School Services Contract entered into by the Franchisor and local education agency, as described in the School Services Amendment. All of your obligations under the Franchise Agreement for providing Huntington Services will also apply to the services you provide under the School Services Amendment. You must adhere to all standards, specifications, policies, and procedures required by the School Services Amendment, the School Services Contract, the School Services Manual, the Franchise Agreement, and the Manual. See also Items 9 and 12.

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ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

The tables in this Item 17 list certain important provisions of the Franchise Agreement, Development Agreement, Software License Agreement, Phone Number License Agreement, Call Center License Agreement, Conference Service Agreement, and School Services Amendment.

Table	Title
17.1	Franchise Agreement
17.2	Development agreement
17.3	Software License Agreement
17.4	Phone Number License Agreement
17.5	Conference Service License Agreement
17.6	Call Center License Agreement
17.6	School Services Amendment

You should read these provisions in the agreements attached to this Offering Circular.

Table 17.1 Franchise Agreement		
Provision	Paragraph	Summary
a	3	Term is 10 years, unless you are assuming an existing Franchise, in which case the term is for the unexpired term of the previous franchise agreement.
b	3	If you comply with the required conditions, you may renew for unlimited 10-year terms.
c	3	No later than 180 days before the end of the initial term of the Franchise Agreement, but not more than 240 days before the end of the term, you must give the Franchisor a notice of your intent to renew. During the term of the Franchise Agreement, you must not have received four or more notices of a material default (whether cured or not) of any obligation in this Agreement or any other agreement between you and the Franchisor or any of its affiliates. Upon your receipt of a fourth notice of a default under this Agreement (whether cured or not) of any obligation in the Franchise Agreement or any other agreement between you and the Franchisor or any of its affiliates, you will have waived conclusively any right you may have had to renew the Franchise Agreement. You must have timely satisfied all monetary obligations to the Franchisor and its affiliates. You and your staff must have completed any initial and ongoing training required for then-current franchisees. You must have completed any Franchised Center upgrading to comply with the Franchisor's then-current standards and specifications. You must execute the Renewal Agreement and pay to the Franchisor a non-refundable Renewal Franchise Fee of \$6,000; \$12,000; or the greater of \$20,000 or half of the Franchisor's then-current initial franchise fee. You must supply the Franchisor with evidence satisfactory to the Franchisor of



**Table 17.1
Franchise Agreement**

Provision	Paragraph	Summary
		<p>your compliance with the Franchisor's then-current qualification requirements, including insurance, location lease, computers, and computer software. You must present evidence satisfactory to the Franchisor that you have the right to remain in possession of the premises of the Franchised Center for the first 36 months of the renewal term or must obtain the Franchisor's approval of a new location for the Franchised Center for the duration of the renewal term. Your Gross Revenue must have equaled or exceeded \$400,000 for the 12 complete months immediately preceding the Renewal Notice Deadline and for each complete 12-month period following the fifth anniversary date of the Agreement Date; however, if you are the transferee of a Huntington franchise agreement, this requirement will apply following the first anniversary of the Agreement Date; and, if you are renewing a Huntington franchise agreement, this requirements will apply as of the Agreement Date. You and each of your guarantors and Franchise Members must execute the Franchisor's then-current general release of the Franchisor and the Franchisor's affiliates and their officers, directors, employees, and agents when you give your notice of intent to renew, and when you execute the Renewal Agreement, to the extent not prohibited by applicable law. Such a general release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.</p>
d	None	<p>You do not waive any rights available to you, if the Franchisor breaches the franchise agreement.</p>
e	None	
f	15	<p>The Franchisor may terminate only if you are in default.</p>
g	15	<p>Defaults that may be cured include the following: You fail to comply with any material term or condition of the Franchise Agreement, as it may be supplemented by the Manual; you fail to submit any financial, operating, or informational statement, as required under the Franchise Agreement; you fail to pay to the Franchisor or any of its affiliates when due any Continuing Royalty, Advertising Fee, or other fee or payment required under the Franchise Agreement after 10 days written notice to pay this overdue amount; you submit any information to the Franchisor, to any governmental authority, or to any financial institution that contains any materially inaccurate, incomplete, or misleading statement, or omits any material fact needed to make the submission not misleading. Information is material if it has a value in excess of \$10,000, causes or could cause any revenue loss in excess of \$10,000, impairs the Marks, or is otherwise material; you fail to comply with any applicable federal, state, or local law or regulation after you receive notice from a governmental agency and any permitted opportunity to comply; you fail to locate an Approved Location or to construct and open the Franchised Center within the time limits provided in the Franchise Agreement; you fail to</p>



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
		<p>maintain an Approved Location that meets the Franchisor's standards for conduct of your Franchised Center business or to operate or maintain your Franchised Center in accordance with the Franchise Agreement within 5 days written notice to correct this default; you fail to sell or provide any Huntington Service after 5 days written notice to correct this default; you sell or provide any product or service from the Franchised Center that is not part of Huntington Services or the System. You must cease the sale of these products or services immediately upon written notice or within the period required by this notice; you fail to maintain or observe any of the standards, specifications, procedures, or policies required by the Franchisor in the Franchise Agreement, the Manual, or otherwise in writing; you fail, refuse, or neglect to obtain the Franchisor's prior written approval or consent as required by the Franchise Agreement; you engage in any business or market any service or product under a name or mark that, in the Franchisor's opinion, is confusingly similar to the Marks; you deny the Franchisor the right to examine, inspect, or audit your Franchised Center in accordance with the Franchise Agreement; your Manager fails to complete the initial training program, as provided in the Franchise Agreement; or a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Center; you fail to train your full-time and part-time employees in manner as the Franchisor requires, or you use, or participate in, any training program not approved in writing by the Franchisor; you fail to obtain or maintain a lease or sublease for, or you fail to purchase, the premises for your Franchised Center, or you fail to deliver a copy of the lease or sublease to the Franchisor, or you fail to deliver a fully-executed copy of the Franchisor's then-current form of landlord authorization, or you fail to comply with all terms of the lease or sublease, or you terminate, renew, amend, modify, or assign the lease or sublease, or sublet the premises without first obtaining the Franchisor's written approval, or you obligate the Franchisor without the Franchisor's prior written approval; you fail to expend the minimum amount on opening advertising within the time frame required by the Franchise Agreement; you fail to expend the minimum amount required by the Franchise Agreement on local media to promote your Learning Center services and exam preparation services; you fail to list your franchised business in the "White Pages" and "Yellow Pages" in the manner required by the Franchise Agreement; you use any advertising or promotional materials, engage in any advertising or promotional activities, or advertise or promote in any print, broadcast, cable, electronic, computer, or other media (including the Internet), in a manner not approved by the Franchisor; you fail to obtain the minimum insurance required by the Franchise Agreement, or you fail to name the Franchisor as an additional insured as required by the Franchise Agreement; you fail to pay to any customer any refund properly due and owing to that customer within 30 days of demand by that customer, or within such other time period as the Franchisor may require from time to time in writing or in the Manual.</p>
h "Cause" defined - defaults which cannot be cured	15	<p>The following defaults may not be cured: You fail to complete successfully the initial training program, as provided in the Franchise Agreement; you or any party makes any Transfer or purported Transfer in violation of the Franchise Agreement; you, any of your Franchisee Members or Guarantors, your spouse, or any spouse of any of your Franchisee Members or Guarantors use or disclose any Franchisor trade secret in violation of the Franchise Agreement; you, any of your Franchisee Members or Guarantors, your Manager, your spouse, or any spouse of any of your Franchisee Members or Guarantors, or any employee having access to any of the Franchisor's confidential information, violate any of the covenants described in Paragraph 17 of the Franchise Agreement, or</p>



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
		<p>fail to obtain execution of the covenants required in the Franchise Agreement; you do not keep your Franchised Center open for operation for 5 consecutive business days; or you lose possession of your Premises; or you lose or forfeit the right to do or transact business in the jurisdiction in which your Franchised Center is located. However, if your failure to keep your Franchised Center open for operation for 5 consecutive business days occurs through no fault of your own or is caused by events not under your reasonable control (including, by way of example, fire, flood, natural disasters, acts of terrorism, boycotts, strikes, acts of God, governmental acts or orders, and civil disorders), then this failure will not be deemed a default, provided you notify the Franchisor immediately and take all action reasonably required by the Franchisor to reopen your Franchised Center. Further, if, through no fault of your own, you lose possession of your Premises, or the Premises are damaged or destroyed by an event that repairs or reconstruction cannot be completed within 60 days, then you will have 30 days after this event or loss of possession in which to apply for the Franchisor's approval to relocate or reconstruct the Premises; you become insolvent or make a general assignment for the benefit of creditors; or you file a petition in bankruptcy; or a petition is filed against, and consented to, by you; or you are adjudicated a bankrupt; or a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or a receiver or other custodian (permanent or temporary) of any part of your assets or property or the assets or property of any of you is appointed by any court of competent jurisdiction; or proceedings for a composition with creditors under any state or federal law is instituted by, or against, you; or a final judgment against you remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed); or execution which would materially affect your Franchised Center business is levied against you, your Franchised Center, or any of your property; or suit to foreclose any lien or mortgage against your Franchised Center premises or equipment is instituted against you and not dismissed within 30 days; or the real or personal property of you is sold after levy upon it by any sheriff, marshal, or constable. Upon any of these happenings, the Franchise Agreement is not, and must not be deemed, an asset subject to sale, levy, lien, or transfer and the Franchisor has the absolute right immediately to terminate the Franchise Agreement as of this event; the unappealed conviction in a court of competent jurisdiction of you or any of your Franchise Members or Guarantors of an indictable offense punishable by a term of imprisonment of one year or more; or misconduct relevant to the operation of your Franchised Center; or misconduct that impairs the goodwill associated with the Marks; or of any civil activity, criminal activity, or misconduct involving any person under the age of 19; you maintain false books or records, submit false reports to the Franchisor, or submit financial or operating statements that understate Gross Revenue or enrollment by 3% or more or are otherwise substantially incorrect; you misuse or make any unauthorized use of the Marks or any other identifying characteristics of the System, or otherwise impair the goodwill associated therewith or the Franchisor's rights; or you are notified of three or more of the same or similar defaults within a 12-month period (whether or not these defaults are cured). If this occurs, the Franchisor has the absolute right to terminate the Franchise Agreement immediately upon or anytime after your receipt of the notice of the occurrence of the third default, and the Franchisor is not obligated to give you an opportunity to cure this default. During the term of the Franchise Agreement, you are notified of four or more of the same or similar defaults (whether or not these defaults are cured). If this occurs, the Franchisor has the absolute right to terminate the</p>



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
i Your obligations on termination/non-renewal	16	<p>Franchise Agreement immediately upon or anytime after your receipt of the notice of the occurrence of the fourth default, and the Franchisor is not obligated to give you an opportunity to cure this default. You relocate your Franchised Center, without complying fully with the provisions of the Franchise Agreement or without the prior written approval of the Franchisor; your Gross Revenue fails to equal or exceed \$400,000 during any complete 12-month period following the fifth anniversary date of the Agreement Date, if you are not renewing a Huntington Learning Centers, Inc. franchise agreement, or following the Agreement Date, if you renewed a Huntington Learning Centers, Inc. franchise agreement. The provision in the Franchise Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).</p> <p>Your rights to use the Marks and System terminate immediately, and, at your expense, you must not use the Marks and System in any manner; you must cease immediately operating the Franchised Center; and must not identify or represent that you are operating a Huntington Learning Center or that you are or were a Huntington Learning Centers, Inc. franchisee. At your expense and within 5 days of the expiration or termination of the Franchise Agreement for any reason (1) you must notify all your customers in writing using a Franchisor-approved form that you no longer operate a Huntington Learning Center and that you have no rights to the Marks and System, and you must send a copy of this notice to the Franchisor; (2) you must remove all signs and other things that display to the public, your staff, and your customers that your Franchised Center was a Huntington Learning Center; (3) you must submit to the Franchisor all reports required under the Franchise Agreement; (4) upon the Franchisor's request, you must assign any student contracts to the Franchisor or its designee; (5) you must take those actions as may be necessary or required by the Franchisor to cancel any assumed name registration or equivalent registration obtained by you which contains the mark "Huntington" or any other Marks, and you must furnish the Franchisor with evidence satisfactory to the Franchisor of compliance; (6) you must give the Franchisor, at your sole expense and within the time period and in the manner required by the Franchisor, a full and complete copy of all data obtained using the Software; (7) you must immediately refund all money paid to you by your present and past customers in advance for services that have not been rendered and, as a result of the termination or expiration of the Franchise Agreement, will not be rendered to these customers; and (8) you must give the Franchisor, in writing, a list of all customers as of the date of expiration or termination, the amount each customer paid to you, the value of services rendered to these customers, and proof that each customer received a full refund for all paid services not rendered by you. Immediately upon expiration or termination, you must (1) stop using any telephone numbers listed in any telephone directories under any of the Marks, including under the name, "Huntington Learning Center"; (2) stop using any Web Site; and (3) stop using any web site, web pages, e-mail addresses, and domain names used by you in connection with the Franchised Center. Upon the Franchisor's written request and at your expense, you must change the Premises (including its signage, paint colors, carpeting, furniture and fixtures) in the manner and in the time period required by the Franchisor to distinguish the Premises from its former appearance and from any Huntington Learning Center. The Franchisor has the right, but not the obligation, to have judgment by confession entered against you in favor of the Franchisor or its assigns in any court of competent jurisdiction for all amounts payable by you to these customers, plus the Franchisor's out-of-pocket costs and expenses of entering this judgment, including attorneys' and accountants' fees and</p>

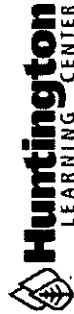


Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
		<p>expenses and court costs and expenses. The Franchisor agrees to refund to your customers all monies recovered from you through judgment by confession, less all out-of-pocket costs and expenses. If you fail or refuse to comply with the requirements of this paragraph, the Franchisor will have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made those changes as may be required, at your expense, that you agree to pay upon demand. You irrevocably waive any right for compensation by the Franchisor that you may have for any right you may have acquired as a result of your use of the Marks or System. You must not use, or disclose to others, anything in the Manual or any Franchisor trade secret, operating instruction, or business practice; and, at your expense, you must return to the Franchisor the Manual, all copies, summaries, and extracts from it, and all other material containing any Franchisor trade secret, operating instruction, and business practice relating to the operation of the Franchised Center (and any copies thereof, even if these copies were made in violation of the Franchise Agreement), all of which are acknowledged to be trade secrets of the Franchisor; and you agree these trade secrets, operating instructions, and business practices include uniform standards, specifications, policies, and procedures for the System and present and former customer lists; and you agree that your failure to return to the Franchisor any of these materials or data will cause the Franchisor irreparable harm, and the Franchisor shall have the right to injunctive relief requiring you to comply with these requirements, in addition to any other remedies it may have under this Agreement, at law or in equity. You acknowledge and agree that any and all present and former customer lists will be the property of the Franchisor. You must deliver to the Franchisor a full and complete copy of all data recorded using the Software, which includes customer and school contacts lists, student testing and instructional information, bookkeeping records, and financial information. You agree that all data will be the Franchisor's property. You must retain no copy or record of any of these items, except for your copy of the Franchise Agreement, any correspondence between the parties, and any other documents you reasonably need for compliance with applicable law. Your rights to use the Software and the Phone Number will immediately terminate; and, at your expense, you will cease using the Software and return to the Franchisor all copies of it and all related documentation, or, at the Franchisor's sole option, will destroy all these copies and documentation; and you will cease using this phone number and will take those actions as may be necessary or required by the Franchisor to terminate your use or access to this phone number. You must pay immediately all sums due to the Franchisor and its affiliates under the Franchise Agreement, including all Continuing Royalty and Advertising Fees, due and owing under the Franchise Agreement. You must comply with all provisions of the Franchise Agreement that survive its termination and expiration, including its non-compete covenants. Within 5 days after the expiration or termination of the Franchise Agreement for any reason, you must deliver a written notice to the landlord of your Premises informing him that the Franchise Agreement has expired or been terminated and you must simultaneously deliver a copy of this notice to the Franchisor. Upon the Franchisor's written request, you must assign to the Franchisor any interest you have in any lease or sublease for the Premises; and you must direct the telephone company servicing your Franchised Center business telephones to transfer this telephone numbers to the Franchisor or to the person or entity and premises the Franchisor directs; and you must direct the utility companies servicing your Franchised Center to transfer service to the Franchisor or to the person or entity the Franchisor directs. You agree to pay any entity,</p>



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
		including your landlord, telephone company, and utility companies, any amount or compensation required by this entity to accomplish the acts required by the Franchisor under this paragraph, or to the Franchisor immediately upon demand, if the Franchisor pays any required amount. The Franchisor does not represent it will review or cause others to review your lease; however, if the Franchisor conducts any review of your lease, you agree to pay to the Franchisor or its designee all its attorney's and accountants' fees and expenses related to any lease review. You irrevocably appoint the Franchisor or the Franchisor's nominee to be your attorney-in-fact coupled with an interest, and with power of substitution, to execute and to file for you any relevant document to accomplish the acts contemplated in this paragraph. If you continue to operate or subsequently begin to operate any other business, you agree not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with other business or the promotion thereof, that, in the Franchisor's sole and absolute discretion, may possibly cause confusion, mistake, or deception, or that, in the Franchisor's sole and absolute discretion, may possibly dilute the Franchisor's rights in or to the Marks. If the Franchise Agreement is terminated for any default by you, you must pay to the Franchisor all damages and costs, including all attorneys' and accountants' fees and expenses, related to the termination or expiration that are incurred by the Franchisor; and all costs and any damage suffered by the Franchisor will be a lien in favor of the Franchisor against the assets owned by you (including the personal property, furnishings, equipment, signs, fixtures, and inventory owned by you) and on the premises at the time of this default. Said payment and lien will be in addition to any other relief available by regulation or law. You must comply with all of these provisions at your expense. You agree that time is of the essence in your complying with all of these provisions. You agree to pay the Franchisor or its designee all costs and expenses it incurs under these provisions, including attorneys' and accountants' fees and expenses.
j	Assignment of contract by the Franchisor	14
k	"Transfer" by you - definition	1
l	The Franchisor's approval of transfer by franchisee	14
m	Conditions for approval of	14



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
transfer		<p>sales contract with its attachments (if any); (2) a complete and accurate description of the ownership interest proposed for transfer using the Franchisor's then-current Franchisee Membership description form; (3) any related information and documentation reasonably requested by the Franchisor; and (4) at the time you submit this notice, full payment of the transfer fee. The proposed transferee (if a partnership, the managing general partner or partners; if a limited liability company, its members or managers; or if a corporation, the principal officers, shareholders, or directors) must be approved as a franchisee under the Franchisor's standards then in effect, including requirements about financial condition, character, managerial commitment, and other conditions and standards that the Franchisor may then be applying to new franchisees. The proposed transferee must have completed the Franchisor's initial training program for new franchisees, or have agreed in writing to complete the training program, within a time period satisfactory to the Franchisor. At the Franchisor's option, the proposed transferee must have assumed in writing for the benefit of the Franchisor all your obligations under the Franchise Agreement or, unless exempted by the Franchisor in writing, the proposed transferee must execute the Franchisor's then-current franchise agreement in the form and on the terms and conditions then offered by the Franchisor to new franchisees, except that its term will be for the unexpired term of your Franchise Agreement and the transferee must pay to the Franchisor Continuing Royalty and Advertising Fees at the highest rate contained in the Franchisor's then-current franchise agreement, notwithstanding any provision to the contrary contained in the Franchisor's then-current franchise agreement. The transferee must pay to the Franchisor an initial franchise fee of \$4,000 for purchase of transferor's franchised business. You must not be in default of the Franchise Agreement or any other agreement between you and the Franchisor or any of its affiliates and all your obligations to the Franchisor and its affiliates (including monetary obligations), whether arising under the Franchise Agreement or otherwise, must be fully satisfied at, or before, the effective date of the transfer. Your Franchised Center complies with the Franchisor's then-current standards, including standards for insurance, location, location lease, signs, graphics, curriculum, equipment (including Internet, telecommunications equipment, computer equipment, audio and video equipment, and related software), computer and other software, and leasehold improvements, or you will have made arrangements to comply with these standards within a time period and in a manner satisfactory to the Franchisor. Before or at the time the transfer becomes effective, you, the proposed transferee, and the Franchisor will execute the Franchisor's then-current consent to transfer agreement. Before or at the time of the effective date of the transfer, you and each of your Franchisee Members and guarantors must execute the Franchisor's then-current general release of the Franchisor and the Franchisor's affiliates and their officers, directors, shareholders, employees, and agents, releasing all claims against the Franchisor and its affiliates, and their respective officers, directors, shareholders, agents, and employees, to the extent not prohibited by law. Such a general release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. If the proposed assignment is to a corporation, limited liability company or other entity formed solely for convenience of your ownership, you must use the Franchisor's then-current corporation or limited liability company assignment agreement, and the transferee corporation or limited liability company must assume and agree to be bound by, and to perform all the terms of, the Franchise Agreement, and, during the term of the Franchise Agreement, must never be in any business other than operation of your Franchised Center. You must pay to the Franchisor a</p>



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
		<p>transfer fee of the greater of (a) \$14,000 or (b) 35% of the Franchisor's then-current initial franchise fee, except as described in the following sentence and in p, below. 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 for the convenience of ownership. The transfer fee will be reduced to \$1,000 for (a) any transfer within 91-180 days of execution of the Franchise Agreement to a corporation or limited liability company formed for the convenience of ownership, and (b) any transfer of a non-controlling interest (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 pay the Franchisor all its costs and expenses associated with the transfer, including legal and accounting fees. For any transfer to a full-time staff member of your franchised center other than a Franchisee Member, the transfer and the transferee must provide, in language approved by the Franchisor before the effective date of the transfer, that any interest transferred to the staff member must be transferred back to the transferor within 30 days after the staff member ceases to be a full-time employee at the franchised center. You must pay any broker fees in connection with the transfer.</p>
<p>n The Franchisor's right of first refusal to acquire your business</p>	<p>14</p>	<p>If you, any Franchisee Member, or any party owning any of the interest in, or asset of, your Franchised Center, desire to accept any offer from any party to purchase your interest or asset or to make any transfer, the following provisions will apply (unless the transfer (a) is within 180 days of the execution of the Franchise Agreement to a corporation or limited liability company formed by you for the convenience of ownership; (b) is made in the case of death or physical or mental disability (see p, below); or (c) is a 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). You must notify the Franchisor and provide that information and documentation as required by the Franchise Agreement. The Franchisor will have the option, exercisable within 30 days after receipt of written notification and required documents, to send written notice to the seller that the Franchisor intends to purchase the seller's interest or asset on the same terms and conditions offered by the offeror. If the Franchisor elects to purchase the seller's interest or asset, you must indemnify the Franchisor against any claim by the proposed transferee as a result of that election. If the consideration, terms, or conditions offered by an offeror are so that the Franchisor may not reasonably be required to furnish the same consideration, terms, or conditions, then the Franchisor may purchase the interest or asset proposed to be sold for its equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash of the consideration, terms, or conditions offered by the third party, an independent appraiser will be designated by the Franchisor and the appraiser's determination of the appropriate consideration will be binding. The expense of the appraisal will be borne equally by you and the Franchisor.</p>
<p>o Franchisor's option to purchase your business</p>	<p>None</p>	



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
p Your death or disability	14	Upon the incapacity of any person with an interest in the Franchise Agreement, in you, or in all or substantially all of the assets of your Franchise Center, the executor, administrator, or representative of that person must promptly notify the Franchisor, and must transfer that interest to a third party approved by the Franchisor within the lesser of (a) the end of the term of the Franchise Agreement, or (b) 240 days after the incapacity. For all these transfers, 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.
q Non-competition covenants during the term of the franchise	17	You must not, either directly or indirectly, for yourself, or through, for, or with any person or entity: (i) divert or attempt to divert any present or prospective business or customer of any Huntington Learning Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; (ii) employ or seek to employ any person who is at that time or was within one year before this date, employed by you or the Franchisor or by any other franchisee of the Franchisor or any of their affiliates, or otherwise directly or indirectly induce this person to leave his or her employment; or (iii) own, maintain, operate, engage in, be employed by, be a consultant to, loan money to, provide any assistance to, be a franchisee of, or have any interest in (as owner or otherwise) any business (1) that is the same as, or similar to, a Huntington Learning Center, (2) that offers individualized instruction in reading, phonics, study skills, mathematics, or related areas, (3) that offers courses or tutoring to prepare for standardized entrance examinations, including the SAT and ACT, or (4) that offers educational services or products the same as or similar to those offered in a Huntington Learning Center.
r Non-competition covenants after the franchise is terminated or expires	17	You must not, for a continuous uninterrupted period of 2 years commencing upon (a) any transfer having the effect of (i) transferring the Franchise Agreement, (ii) changing control of you, or (iii) changing the ownership of all or substantially all of the assets of the Franchised Center or (b) termination or expiration of the Franchise Agreement (regardless of the cause for termination or expiration) or (c) a final order of a court of competent jurisdiction (after all appeals have been taken) about the covenants of the Franchise Agreement, either directly or indirectly, for yourself, or through, for, or with, any person or entity: (i) divert or attempt to divert any present or prospective business or customer of any Huntington Learning Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; (ii) employ or seek to employ any person who is at that time, or was within one year before this date, employed by you or the Franchisor or by any other franchisee of the Franchisor or any of their affiliates, or otherwise directly or indirectly induce this person to leave his or her employment; or (iii) own, maintain, operate, engage in, be employed by, be a consultant to, loan money to, provide any assistance to, be a franchisee of, or have any interest in (as owner or otherwise) any business (1) (a) that is the same as, or similar to, a Huntington Learning Center, (b) that offers individualized instruction in reading, phonics, study skills, mathematics, or related areas, (c) that offers tutoring to prepare for standardized entrance exams, including the SAT and ACT, or (d) that offers any educational services or products the same as or similar to those offered in a Huntington Learning Center, and (2) which business is, or is intended to be, located within: (a) your premises, (b) your Exclusive Area, (c) a radius of 25 miles from your Exclusive Area, (d) a radius of 25 miles from your Approved Location, or (e) a radius of 25 miles



Table 17.1
Franchise Agreement

Provision	Paragraph	Summary
		from any Huntington Learning Center existing on the date this business commences operations.
s Modification of the agreement	23	Except for those specifically permitted to be made unilaterally by the Franchisor or you under the Franchise Agreement, no amendment, change, or variance from the Franchise Agreement will be binding on either party, unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.
t Integration/Merger clause	23	The Franchise Agreement and all its exhibits constitute the entire agreement between you and the Franchisor with reference to its subject matter. The Franchise Agreement supersedes all prior and contemporaneous negotiations, understandings, representations, and agreements, oral or written, about the Franchise Agreement's subject matter. The Franchisor's obligations to you will be confined exclusively to the Franchise Agreement.
u Dispute resolution by arbitration or mediation	None	
v Choice of forum	24	Any action, whether or not arising out of, or relating to, the Franchise Agreement brought by you or any Franchisee Member against the Franchisor must be brought, and, except in Illinois, any action brought by the Franchisor against you may be brought, in the judicial district in which the Franchisor has, at the time of commencement of this action, its principal place of business. The Franchisor has the right to commence an action against Franchisee in any court of competent jurisdiction. All parties waive all objections to personal jurisdiction or venue for the purpose of carrying out this paragraph and the parties agree that noting in this paragraph will prevent any part to this action from removing the action from state court to federal court.
w Choice of law	24	The Franchise Agreement will be interpreted and construed in accordance with the laws of the state of Delaware, except for that state's conflict-of-law rules. If you are located outside of the state of New Jersey, the New Jersey Franchise Practices Act will not apply to this Agreement. Maryland law will apply to all claims arising under the Maryland Franchise Registration and Disclosure Law; and all of these claims must be brought within three years after the date of the Franchise Agreement.

Table 17.2
Development Agreement

Provision	Paragraph	Summary
a Term	5	Term expires on the earlier of the date set forth in the Development Agreement or the date you satisfy the development obligations.
b Renewal or extension of term	None	



Table 17.2
Development Agreement

Provision	Paragraph	Summary
c Requirements for you to renew or extend	None	
d Termination by you	None	
e Termination by the Franchisor without cause	None	
f Termination by the Franchisor with cause	8	The Franchisor can terminate if you default.
g "Cause" defined - defaults which can be cured	8	None.
h "Cause" defined - defaults which cannot be cured	8	Any breach of any term of the Development Agreement. Any non-curable breach of the Franchise Agreement.
i Your obligations on termination/non-renewal	8	You will have no right to establish or operate any Huntington Learning Center for which a Franchise Agreement has not been executed.
j Assignment of contract by the Franchisor	7	No restriction on the Franchisor's right to assign.
k "Transfer" by you - definition	1	Includes transfer of agreement and ownership change.
l The Franchisor's approval of transfer by franchisee	7	You may not transfer, except in the case of death or incapacity.
m Conditions for the Franchisor approval of transfer	7	See p, below.
n The Franchisor's right of first refusal to acquire your business	None	
o Franchisor's option to purchase your business	None	
p Your death or disability	7	In the case of death or incapacity, under certain conditions you must transfer the decedent's interest to another party approved by the Franchisor and who meets the Franchisor's then-current conditions and qualifications for the Franchisor's franchisees within 90 days.
q Non-competition covenants during the term	None.	



**Table 17.2
Development Agreement**

Provision	Paragraph	Summary
of the franchise		
Non-competition covenants after the franchise is terminated or expires	None.	
Modification of the agreement	10	No amendment, change, or variance will be binding on either party, unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.
Integration/merger clause	10	The Development Agreement and all its exhibits constitute the entire agreement between you and the Franchisor with reference to its subject matter. The Development Agreement supercedes all prior and contemporaneous negotiations, understandings, representations, and agreements, oral or written, about the Agreement's subject matter. The Franchisor's obligations to you are confined exclusively to the Development Agreement. Any right granted to you by the Franchisor as to the subject matter of the Development Agreement is described solely in, and limited to, the Development Agreement.
Dispute resolution by arbitration or mediation	None	
Choice of forum	10	Any action brought by you against the Franchisor must be brought in the judicial district in which the Franchisor has, at the time of commencement of this action, its principal place of business. The Franchisor has the right to commence an action against Franchisee in any court of competent jurisdiction.
Choice of law	10	This agreement will be interpreted and construed in accordance with the laws of the state of Delaware, except for that state's conflict-of-law rules. If you are located outside of the state of New Jersey, the New Jersey Franchise Practices Act will not apply to this Agreement. Maryland law will apply to all claims arising under the Maryland Franchise Registration and Disclosure Law; and all of these claims must be brought within three years after the date of the Franchise Agreement. If you are subject to Indiana law the provisions of IC.23-2-2.7-1(10) govern.

**Table 17.3
Software License Agreement**

Provision	Paragraph	Summary
Term	2	Same term as the Franchise Agreement.
Renewal or extension of term	None	



Table 17.3
Software License Agreement

Provision	Paragraph	Summary
c Requirements for you to renew or extend	None	
d Termination by you	None	
e Termination by the Franchisor without cause	11	Upon termination or expiration of your Franchise Agreement for any reason.
f Termination by the Franchisor with cause	11	The Franchisor can terminate if you default.
g "Cause" defined - defaults which can be cured	11	Any curable breach of the Franchise Agreement.
h "Cause" defined - defaults which cannot be cured	11	Any breach of any material term of the Software License Agreement. Any non-curable breach of the Franchise Agreement.
i Your obligations on termination/non-renewal	11	Obligations include non-use of Software and Manual, return of Software and Manual (also see r, below), and payment of all amounts due.
j Assignment of contract by the Franchisor	6	No restriction on the Franchisor's right to assign.
k "Transfer" by you - definition	6	Includes transfer of contract or assets or ownership change.
l The Franchisor's approval of transfer by franchisee	6	The Franchisor has the right to approve all transfers, but will not withhold approval unreasonably.
m Conditions for the Franchisor approval of transfer	6	The Software License Agreement may be transferred only in connection with a simultaneous transfer of the Franchised Agreement to the same transferee. You must give the Franchisor written notice of any proposed transfer at least 30 days before any transfer is proposed to take place, providing (1) the name and address of the proposed transferee and the price and terms of the transfer; (2) any related information requested by the Franchisor; and (3) full payment of the transfer fee. At the Franchisor's option, the proposed transferee must have assumed in writing all your obligations under the Software License Agreement or the proposed transferee must execute the Franchisor's then-current software license agreement. All your obligations to the Franchisor and its affiliates must be fully satisfied. Your Franchised Center must comply with The Franchisor's then-current standards. Before or at the time of the transfer, you and each of your owners and guarantors must execute the Franchisor's then-current general release. You must pay to the Franchisor a transfer fee of \$6,000. The general release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
n The Franchisor's right of	None	

Table 17.3
Software License Agreement

Provision	Paragraph	Summary
first refusal to acquire your business		
o Franchisor's option to purchase your business	None	
p Your death or disability	6	Upon the incapacity of any person with an interest in the Software License Agreement, in you, or in all or substantially all of the assets of your Franchised Center, the executor, administrator, or representative of that person must promptly notify the Franchisor, and must transfer that interest to a third party approved by the Franchisor within the lesser of (a) the end of the term of the Franchise Agreement, or (b) 240 days after the incapacity.
q Non-competition covenants during the term of the franchise	5, 7	You may not use the Software or Manual in competition with the Franchisor.
r Non-competition covenants after the franchise is terminated or expires	5, 11	You have no right to use the Software or the Manual. If you are subject to Indiana law the provisions of IC 23-2-2.7-1(9) govern.
s Modification of the agreement	3, 28	No modifications generally, but the Manual is subject to change. Software may change.
t Integration/merger clause	28	Only the terms of the Agreement are binding (subject to state law). Any other promises may not be enforceable.
u Dispute resolution by arbitration or mediation	None	
v Choice of forum	13	Any action brought by you against the Franchisor must be brought in the judicial district in which the Franchisor has, at the time of commencement of this action, its principal place of business. The Franchisor has the right to commence an action against Franchisee in any court of competent jurisdiction.
w Choice of law	13	This agreement will be interpreted and construed in accordance with the laws of the state of Delaware, except for that state's conflict-of-law rules. If you are located outside of the state of New Jersey, the New Jersey Franchise Practices Act will not apply to this Agreement. Maryland law will apply to all claims arising under the Maryland Franchise Registration and Disclosure Law; and all of these claims must be brought within three years after the date of the Franchise Agreement. If you are subject to Indiana law the provisions of IC 23-2-2.7-1(10) govern.



Table 17.4
Phone Number License Agreement

Provision	Paragraph	Summary
a Term	2	Same term as the Franchise Agreement.
b Renewal or extension of term	None	
c Requirements for you to renew or extend	None	
d Termination by you	None	
e Termination by the Franchisor without cause	8	Upon termination or expiration of your Franchise Agreement for any reason.
f Termination by the Franchisor with cause	8	The Franchisor can terminate if you default.
g "Cause" defined - defaults which can be cured	8	Any curable breach of the Franchise Agreement.
h "Cause" defined - defaults which cannot be cured	8	Any breach of any material term of the Phone Number License Agreement. Any non-curable breach of the Franchise Agreement.
i Your obligations on termination/non-renewal	4, 8	Obligations include non-use of the Phone Number and payment of amounts due (also see r, below).
j Assignment of contract by the Franchisor	5	No restriction on the Franchisor's right to assign.
k "Transfer" by you - definition	5	Includes transfer of contract or assets or ownership change.
l The Franchisor's approval of transfer by franchisee	5	The Franchisor has the right to approve all transfers, but will not withhold approval unreasonably.
m Conditions for approval of transfer	5	The Phone Number License Agreement may be transferred only in connection with a simultaneous transfer of the Franchised Agreement to the same transferee. You must give the Franchisor written notice of any proposed transfer at least 30 days before any transfer is proposed to take place, providing (1) the name and address of the proposed transferee and the price and terms of the transfer; (2) any related information requested by ; and (3) full payment of the transfer fee. At the Franchisor's option, the proposed transferee must have assumed in writing all your obligations under the Phone Number License Agreement or the proposed transferee must execute the Franchisor's then-current phone number license agreement. All your obligations to the Franchisor and its affiliates must be fully satisfied. Your Franchised Center must comply with the Franchisor's then-current standards. Before or at the time of the transfer, you and each of your owners and guarantors must execute the Franchisor's then-current general release. The general release will not apply to any liability under the Maryland Franchise Registration and

Table 17.4
Phone Number License Agreement

Provision	Paragraph	Summary
		Disclosure Law. You must pay to the Franchisor a transfer fee of \$500.
n	None	
o	None	
p	5	Upon the incapacity of any person with an interest in the Phone Number License Agreement, in you, or in all or substantially all of the assets of your Franchised Center, the executor, administrator, or representative of that person must promptly notify the Franchisor, and must transfer that interest to a third party approved by the Franchisor within the lesser of (a) the end of the term of this Agreement, or (b) 240 days after the incapacity.
q	4	You may not use the Phone Number in competition with the Franchisor.
r	4, 8	You have no right to use the Phone Number. If you are subject to Indiana law the provisions of IC 23-2-2.7-1(9) govern.
s	3, 25	No modifications generally. Phone number may change.
t	25	Only the terms of the Agreement are binding (subject to state law). Any other promises may not be enforceable.
u	None	
v	9	Any action brought by you against the Franchisor must be brought in the judicial district in which the Franchisor has, at the time of commencement of this action, its principal place of business. The Franchisor has the right to commence an action against Franchisee in any court of competent jurisdiction.
w	9	This agreement will be interpreted and construed in accordance with the laws of the state of Delaware, except for that state's conflict-of-law rules. If you are located outside of the state of New Jersey, the New Jersey Franchise Practices Act will not apply to this Agreement. Maryland law will apply to all claims arising under the Maryland Franchise Registration and Disclosure Law; and all of these claims must be brought within three years after the date of the Franchise Agreement. If you are subject to Indiana law the provisions of IC 23-2-2.7-1(10) govern.

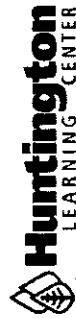


Table 17.5
Conference Service License Agreement

Provision	Paragraph	Summary
a Term	2	Same term as the Franchise Agreement.
b Renewal or extension of term	None	
c Requirements for you to renew or extend	None	
d Termination by you	2	Can terminate on 30 days written notice.
e Termination by the Franchisor without cause	2	Can terminate on 30 days written notice; terminates upon termination or expiration of your Franchise Agreement for any reason.
f Termination by the Franchisor with cause	8	The Franchisor can terminate for cause on 10 days written notice.
g "Cause" defined - defaults which can be cured	None	
h "Cause" defined - defaults which cannot be cured	None	
i Your obligations on termination/non-renewal	8	Stop using the license granted and pay outstanding fees to the Franchisor.
j Assignment of contract by the Franchisor	6	No restrictions on the Franchisor's right to assign.
k "Transfer" by you - definition	6	Includes transfer of contract or assets or ownership change.
l The Franchisor's approval of transfer by franchisee	None	
m Conditions for the Franchisor approval of transfer	None	
n The Franchisor's right of first refusal to acquire your business	None	
o Franchisor's option to purchase your business	None	



Table 17.5
Conference Service License Agreement

Provision	Paragraph	Summary
p	None	
q	None	
r	None	
s	3, 25	No modifications generally.
t	26	Only the terms of the Agreement are binding (subject to state law). Any other promises may not be enforceable.
u	None	
v	10	Any action brought by you against the Franchisor must be brought in the judicial district in which the Franchisor has, at the time of commencement of this action, its principal place of business. The Franchisor has the right to commence an action against Franchisee in any court of competent jurisdiction.
w	10	This agreement will be interpreted and construed in accordance with the laws of the state of Delaware, except for that state's conflict-of-law rules. If you are located outside of the state of New Jersey, the New Jersey Franchise Practices Act will not apply to this Agreement. Maryland law will apply to all claims arising under the Maryland Franchise Registration and Disclosure Law; and all of these claims must be brought within three years after the date of the Franchise Agreement.

Table 17.6
Call Center License Agreement

Provision	Paragraph	Summary
a	2	Same term as the Franchise Agreement.
b	None	
c	None	



Table 17.6
Call Center License Agreement

Provision	Paragraph	Summary
renew or extend		
d Termination by you	2	Can terminate on 30 days written notice.
e Termination by the Franchisor without cause	2	Can terminate on 30 days written notice; terminates upon termination or expiration of your Franchise Agreement for any reason.
f Termination by the Franchisor with cause	10	The Franchisor can terminate for cause on 10 days written notice.
g "Cause" defined - defaults which can be cured	None	
h "Cause" defined - defaults which cannot be cured	None	
i Your obligations on termination/non-renewal	10	Stop using the license granted and pay outstanding fees to the Franchisor.
j Assignment of contract by the Franchisor	6	No restrictions on the Franchisor's right to assign.
k "Transfer" by you - definition	6	Includes transfer of contract or assets or ownership change.
l The Franchisor's approval of transfer by franchisee	None	
m Conditions for the Franchisor approval of transfer	None	
n The Franchisor's right of first refusal to acquire your business	None	
o Franchisor's option to purchase your business	None	
p Your death or disability	None	
q Non-competition covenants during the term of the franchise	None	
r Non-competition	None	



Table 17.6
Call Center License Agreement

Provision	Paragraph	Summary
covenants after the franchise is terminated or expires		
s Modification of the agreement	26	No modifications generally.
t Integration/merger clause	27	Only the terms of the Agreement are binding (subject to state law). Any other promises may not be enforceable.
u Dispute resolution by arbitration or mediation	None	
v Choice of forum	12	Any action brought by you against the Franchisor must be brought in the judicial district in which the Franchisor has, at the time of commencement of this action, its principal place of business. The Franchisor has the right to commence an action against Franchisee in any court of competent jurisdiction.
w Choice of law	12	This agreement will be interpreted and construed in accordance with the laws of the state of Delaware, except for that state's conflict-of-law rules. If you are located outside of the state of New Jersey, the New Jersey Franchise Practices Act will not apply to this Agreement. Maryland law will apply to all claims arising under the Maryland Franchise Registration and Disclosure Law; and all of these claims must be brought within three years after the date of the Franchise Agreement.

Table 17.7
School Services Amendment

Provision	Paragraph	Summary
a Term	3	Term is for the unexpired current term of the Franchise Agreement or unexpired current term of the School Services Contract, whichever is shorter.
b Renewal or extension of term	3	If the Franchisor, you, and the local education agency agree to extend the term of the School Services Contract, or to execute a new contract, the Franchisor may, in its sole discretion, extend the School Services Amendment for the new term of the School Services Contract.
c Requirements for you to renew or extend	3	The Franchisor, you, and the local education agency must agree to extend the term of the School Services Contract or to execute a new contract on the same or similar terms.



Table 17.7
School Services Amendment

Provision	Paragraph	Summary
d	11	If the Franchisor does not enter into a School Services Contract within 180 days of the date of the School Services Amendment, you may terminate the School Services Amendment upon 30 days written notice; however, if the Franchisor enters into a School Services Contract during that 30-day period, the School Services Amendment will not be terminated. You may also request to terminate the School Services Amendment before the end of its term, subject to the consent of the local education agency and the terms of the School Services Contract, School Services Amendment, and the Franchise Agreement.
e	12	Upon termination or expiration of your Franchise Agreement or the School Services Contract; upon transfer by you of your Franchise Agreement; upon the expiration or termination of the federal or state government's program, funding, or rules under the NCLB Act; upon loss by the Franchisor of its approved provider status; upon the Franchisor's loss of its right to provide services under the School Services Contract; or if the Franchisor does not enter into a School Services Contract.
f	12	The Franchisor can terminate upon your material default.
g	None	
h	12	Any breach of any material term of the School Services Amendment; any failure by you to comply with any term of the School Services Contract; any failure by you to fulfill your obligations to the local education agency or to any school under the School Services Amendment; any assignment or attempted assignment of the School Services Amendment or any of your rights or obligations under the Amendment to any third party; or any failure by you to make any payment to the Franchisor required by the School Services Amendment in the amount, manner, and within the time period required.
i	12	Obligations include paying all amount owed to the Franchisor; complying with all terms and conditions that survive termination; comply with all terms and conditions of the School Services Contract and the Franchise Agreement governing termination and your post-termination obligations; ceasing use of any telephone numbers used in connection with the School Services Amendment; ceasing use of the School Services Software; returning to the Franchisor the School Services Manual and School Services Software.
j	8	No restriction on the Franchisor's right to assign.
k	8	Includes the direct, indirect, or contingent sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of any interest in the School Services Amendment.
l	8	The Franchisor has the right to approve all transfers, which it may refuse in its sole discretion.



Table 17.7
School Services Amendment

Provision	Paragraph	Summary
m Conditions for the Franchisor approval of transfer	8	The Franchisor has the right to refuse a transfer for any reason or no reason in its sole discretion.
n The Franchisor's right of first refusal to acquire your business	None	
o Franchisor's option to purchase your business	None	
p Your death or disability	None	
q Non-competition covenants during the term of the franchise	None	
r Non-competition covenants after the franchise is terminated or expires	None	
s Modification of the agreement	4, 19	No modifications generally, but the School Services Manual is subject to change.
t Integration/merger clause	15	Only the terms of the School Services Amendment and the Franchise Agreement are binding. Any other promises may not be enforceable.
u Dispute resolution by arbitration or mediation	None	
v Choice of forum	16	Same as the Franchise Agreement.
w Choice of law	16	Same as the Franchise Agreement.

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ITEM 18. PUBLIC FIGURES

The Franchisor does not use any public figure to promote its franchise.

ITEM 19. EARNINGS CLAIMS

THIS ITEM 19 IS NOT A REPRESENTATION, PROMISE, OR FORECAST; NOR IS IT AN ESTIMATE OF THE SALES, EXPENSES, PROFITS, OR EARNINGS THAT MAY OR CAN BE ACHIEVED BY YOU OR ANY PROSPECTIVE FRANCHISEE. YOUR RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS STATED IN THIS ITEM 19. THE FRANCHISOR DOES NOT REPRESENT THAT YOU CAN EXPECT TO ATTAIN ANY SPECIFIED SALES PROFITS, OR EARNINGS, OR INCUR ANY SPECIFIED EXPENSES.

A. Average Actual Sales

For all franchised Huntington Learning Centers in operation and operated by the same franchisee for an entire calendar year, the following table presents the number of these centers, their average annual sales, and the number and percent that achieve annual sales greater than each year's average.

Year	Number of centers	Average sales of centers		Those centers achieving sales greater than the year's average	
		Per year	Per month	Number	Percent
2005	184	\$468,442	\$39,037	76	41%
2004	165	\$456,277	\$38,023	78	47%
2003	163	\$446,504	\$37,209	71	44%
2002	160	\$405,713	\$33,809	68	43%

Note 1. CAUTION. Not all Franchised Centers achieved these average sales. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

Independent Investigation

You should conduct an independent investigation of the costs and expenses you will incur in operating your Franchised Center. Franchisees, or former franchisees, listed in Exhibits K and L of this Offering Circular, respectively, may be one source of this information.

The data used to compile this Item 19 will be made available to any prospective franchisee upon reasonable written request. You should consult with financial, business and legal advisors about this Item 19 and the Franchise Agreement.

Disclaimer

The earnings claims figures in this Item 19 do not reflect the cost of sales, operating expenses, or other costs or



expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. For example, this Item 19 does not take into account the fees and payments you must make to the Franchisor or other parties under the Franchise Agreement (including, for example, Continuing Royalty and Advertising Fees), or any other costs or expenses you will incur in operating your Franchised Center.

This Item 19 contains no information about future, projected, or forecasted sales; or about actual, average, projected, or forecasted expenses, profits, or earnings.

Operating results of Huntington Learning Centers owned or operated by the Franchisor or its affiliates are not included in this Item 19, because the Franchisor believes the operating results of franchised Huntington Learning Centers are more likely to be representative of the results of a franchised Huntington Learning Center.

Factors Influencing Revenue and Expenses

Revenue at your Franchised Center business is determined by many factors, including, by way of example, factors like the way you operate your business, the number of inquiries, conversion of these inquiries to enrolled students, program duration, and tuition rates, as well as factors exogenous to the business, such as demographic factors, including, by way of example, the number of school-age children located near your Franchised Center. Your operation of your franchised Huntington Learning Center may also be affected by factors like the curriculum used in the schools attended by students in your market area, and the length of the school day and the length of the school year. In addition, sales at franchised Huntington Learning Centers are typically lower than average during the first 3 to 5 months of the school year.

Factors that determine your expenses include, by way of example, the number of teachers and other staff you hire and their length of employment with you; the amount of money you pay your teachers and other staff on an hourly or other basis; and the benefits you give to them and to yourself. Other factors include the amount of money you spend on marketing; many franchisees spend substantially more money on marketing than required under the Franchise Agreement. In addition, the Advertising Cooperative Association of which you are a member has the right to require you pay money to it for cooperative advertising. Expenses at your Franchised Center business are determined by many factors, including factors that may be in addition to those identified in this Item 19.

Differences among Franchised Huntington Learning Centers

Franchised Huntington Learning Centers differ from each other in a multitude of important ways, including, by way of example, their market area and geographic location and the number of children and population contained thereabout and the economic and financial circumstances of this population. Franchised Huntington Learning Centers also differ from each other in their physical, marketing, employee, and manager's characteristics and in many other factors that may or may not exist or be similar to the factors that exist in any other location or geographic area or market area that may be considered by you or any prospective franchisee. Actual sales, expenses, profits, and earnings vary from one franchised Huntington Learning Center to another by significant amounts, and the Franchisor can not and does not estimate or forecast the sales, expenses, profits, or earnings that may be achieved by you.

No Reliance on Information Other Than That in This Item 19

The Franchisor does not authorize its officers or sales personnel to furnish you with any oral or written information about actual or potential sales, expenses, profits, or earnings of Huntington Learning Centers other than the specific information contained in this Item 19.

If you receive any oral or written information about actual or potential sales, expenses, profits, or earnings of Huntington Learning Centers, other than the specific information contained in this Item 19, please notify in



writing the Chairman of Huntington Learning Centers, Inc., immediately.**Methodology for Calculating Average Actual Sales**

Gross revenues ("sales") in this Item 19 were reported to the Franchisor by its franchised Huntington Learning Centers in operation for an entire calendar year, and for concurrent equal periods of time. The Franchisor has compiled the data in this Item 19 from the monthly income and expense statements franchisees submit to it. The monthly income and expense statements are required to be prepared according to a standardized method described in the Manual. The Franchisor believes that the franchisees' monthly income and expense statements are accurate as to sales, because each franchisee must pay to the Franchisor Continuing Royalty and Advertising Fees that are calculated as a percentage of each Franchised Center's Gross Revenues. The Franchisor has not audited nor in any other manner substantiated the truthfulness, accuracy, or completeness of any information supplied by its franchisees.

- If a Huntington Learning Center was transferred from one franchisee to another, its results under the different franchisees are included as the results of one Huntington Learning Center for the entire period; there were 8 of these centers in 2002, 9 in 2003, 12 in 2004, and 21 in 2005.
- Sales by Huntington Learning Centers owned or operated by the Franchisor or its affiliates as of the end of a calendar year are not included in this Item 19. If a Huntington Learning Center was transferred from a franchisee to the Franchisor or a Franchisor affiliate, its results are not included in Table 19.1; there were none of these centers in 2002, 3 in 2003, one in 2004, and none in 2005.
- If a Huntington Learning Center was transferred from the Franchisor or a Franchisor affiliate to a franchisee, its results are reported for the entire year, notwithstanding the date of the transfer; there were 7 of these centers in 2002, none in 2003, one in 2004, and none in 2005.

States in which Franchised Huntington Learning Centers Were in Operation

For all franchised Huntington Learning Centers in operation for the entire calendar year 2005, the following Table 19.2 presents the states in which these centers were located and operated.

State	State
Alabama	Mississippi
Arizona	Missouri
Arkansas	Nevada
California	New Hampshire
Colorado	New Jersey
Delaware	New York
Florida	North Carolina
Georgia	Ohio
Idaho	Oklahoma
Illinois	Oregon
Indiana	Pennsylvania
Kansas	Rhode Island



Table 19.2 States in which Franchised Huntington Learning Centers were in Operation for the Entire Year of 2005	
Kentucky	South Carolina
Louisiana	Tennessee
Maryland	Texas
Massachusetts	Virginia
Michigan	Washington
Minnesota	Wisconsin

B. Expense Items on the Franchisor’s End-of-Year P&L Statement

Table 19.3 in this Section B presents the expense items identified on the End-of-Year P&L Statement franchisees are required to submit to the Franchisor. Your P&L statement may contain additional or different expense items.

Table 19.3 Expenses identified on the End-of-Year P&L Statement that Franchisees Are Required To Submit to the Franchisor
Gross payroll for franchisee, center director, assistant director
Other full-time staff (such as regional director)
Gross payroll for part-time teachers
Gross Payroll for any other part-time staff
Payroll Taxes (Employer's portion of FICA, FUTA, etc.)
Advertising Center Services, including broadcast TV and radio, cable TV, daily and weekly newspaper, magazine, direct mail, free standing insert, yellow pages, school programs and marketing
Building, including rent, utilities, janitor, maintenance
Repairs and maintenance of equipment.
Supplies - office and administrative
Supplies - educational
Professional fees (accounting, legal, etc.)
Telephone
Travel and entertainment
Royalty
Advertising fee
Insurance (property, liability, health, etc.)
Depreciation and amortization
Debt service
Training (travel, food, lodging, etc.)
Employee benefits
Other expenses
Taxes, other than payroll



ITEM 20. LIST OF OUTLETS

The names of all franchisees and the addresses and telephone numbers of all their Huntington Learning Centers are presented in Exhibit K to this Offering Circular.

Franchised Huntington Learning Centers

Table 20.1
Franchised Huntington Learning Center Status Summary for 2003, 2004, and 2005

(A) State	(B) Transfer of controlling ownership			(C) Canceled or terminated by the Franchisor			(D) Not renewed by the Franchisor			(E) Reacquired by the Franchisor			(F) Reasonably known by the Franchisor to have ceased doing business in the System			(G) Total of Columns (B) - (F)			(H) Franchises operating at year end				
	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05		
Alabama																							
Arizona		2																					
Arkansas																							
California		1	3					1															
Colorado																							
Connecticut																							
Delaware		1	1																				
Florida	1	3	1																				
Georgia																							
Idaho																							
Illinois		1	3																				
Indiana																							
Kansas																							
Kentucky	1																						
Louisiana																							
Maryland																							
Massachusetts																							
Michigan																							
Minnesota																							
Mississippi																							
Missouri		1																					
Nevada																							
New Hampshire																							
New Jersey	1	1																					
New York	1	1																					
North Carolina																							
Ohio	4		2																				
Oklahoma																							



Table 20.1
Franchised Huntington Learning Center Status Summary for 2003, 2004, and 2005

(A) State	(B) Transfer of controlling ownership			(C) Canceled or terminated by the Franchisor			(D) Not renewed by the Franchisor			(E) Reacquired by the Franchisor			(F) Reasonably known by the Franchisor to have ceased doing business in the System			(G) Total of Columns (B) - (F)			(H) Franchises operating at year end				
	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05	'03	'04	'05		
Oregon																							
Pennsylvania			3																				
Rhode Island																							
South Carolina																							
Tennessee																							
Texas						1																	
Virginia		1	4																				
Washington	1	1	1																				
Wisconsin																							
Total:	10	12	21	0	4	3	0	1	2	1	0	0	6	3	4	17	20	29	184	209	236		

Notes to Table 20.1

- All entries are as of December 31.
- The numbers in Column G (the column labeled "Total of columns (B) - (F)") may exceed the number of centers affected, because several events may have affected the same center. For example, the same center may have had multiple owners.

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Company-owned Huntington Learning Centers

State	Centers closed during year			Centers opened during year			Centers operating at year end		
	2003	2004	2005	2003	2004	2005	2003	2004	2005
Connecticut	0	0	0	0	0	0	1	1	1
New Jersey	0	1	0	1	0	0	18	17	17
New York	0	0	0	2	1	0	14	15	15
Total	0	1	0	3	1	0	33	33	33

Notes to Table 20.2

- All entries are as of December 31.
- The Franchisor has not and currently does not operate any Huntington Learning Centers, although its affiliates do.

Projected Openings

State	Franchise Agreements signed but center not open as of December 31, 2005	Projected franchised new centers in the next fiscal year	Projected company-owned openings in next fiscal year
Arizona	2	1	0
Arkansas	0	0	0
California	4	4	0
Connecticut	2	2	0
District of Columbia	0	1	0
Florida	3	4	0
Georgia	2	2	0
Idaho	0	1	0
Illinois	2	2	0
Indiana	0	2	0
Iowa	0	1	0
Kansas	0	1	0
Kentucky	1	2	0
Maryland	1	1	0
Massachusetts	0	0	0
Michigan	1	2	0
Minnesota	3	1	0
Missouri	0	1	0
Nevada	1	1	0
New Hampshire	1	1	0
New Jersey	3	1	1
New Mexico	1	0	0
New York	1	2	0
North Carolina	2	1	0
Ohio	1	2	0
Oregon	1	0	0
Pennsylvania	0	3	0
Tennessee	1	0	0
Texas	7	2	0
Virginia	2	2	0



State	Franchise Agreements signed but center not open as of December 31, 2005	Projected franchised new centers in the next fiscal year	Projected company-owned openings in next fiscal year
Washington	0	1	0
Wisconsin	0	2	0
Total	42	46	1

Future Huntington Learning Centers

The name, address, and phone number of each party who has executed a development agreement with the Franchisor as of December 31, 2004 granting rights to franchise a future Huntington Learning Center, and its area and state are listed below:

Franchisee name	Franchisee address and phone number	Area	State
James Bean 4Kids, Inc.	35 Shaw Road Belmont, MA 02478 617-484-7217	Brookline	MA
Craig and Sam Caldwell Samwell Holdings, LLC	3314 West Links Drive Anthem, AZ 85086 623-551-9222	Anthem,	AZ
Philip Charles	58 Reed Drive South West Windsor, NJ 08550 609-275-7039	Northeast Philadelphia	PA
Syed and Carolyn Hassan ARCH Educational Svcs, LLC	11002 Broken Sky Drive Houston, TX 77064	Spring	TX
Tom, Lisa and Brian Jacob Focus On Learning, Inc.	1524 County Road 220, Suite 7 Orange Pk, FL 32003 904-291-1310	St. Augustine	FL
Michael Kent Regal Pacific Group LLC	29405 Bertrand Drive Agoura Hills, CA 91301 818-519-5279	Santa Clarita	CA
Jayesh and Hetal Misty Jayesh Hetal Inc.	26 Indian Spring Drive Oak Ridge, NJ 07438 973-697-1253	Clovis	CA
Jayesh and Hetal Misty Jayesh Hetal Inc.	26 Indian Spring Drive Oak Ridge, NJ 07438 973-697-1253	West Fresno	CA
Sohale Mufti Mufti, Inc.	11711 Coyote Run Road NE Albuquerque, NM 87122 505-823-6616	Rio Rancho	NM
Connie and Michael Ramey Ramey Education Ent., LLC	5856 Brookstone Walk Acworth, GA 30101 770-426-8634	Roswell	GA
Audrey Reid	2010 Shenley Court Las Vegas, NV 89117 702-869-4299	Las Vegas NW	NV
Todd and Vicky Sain Brier, Inc.	4820-B South 31 Street Arlington, VA 22206 703-522-2023	Henderson	NV
Todd and Vicky Sain Brier, Inc.	4820-B South 31 Street Arlington, VA 22206 703-522-2023	Las Vegas	NV



Table 20.4 Future Huntington Learning Centers			
Franchisee name	Franchisee address and phone number	Area	State
Arthur and Sharon Stoutenberg ALS Ventures, LLC	4005 Woods Pointe Way Valrico, FL 33594 813-681-1519	Land O' Lakes	FL
Marilyn Toscano Toscano Enterprises, Inc.	2751 Northeast 9th St. Pompano Beach, FL: 33062 954-946-0032	Wellington	FL
Ed and Barbara Wilcox Wilcox Education Group, Inc.	2708 Meadowood Drive Weston, FL 33332 954-384-1827	Pompano Beach	FL

Former Franchisees

The name and last known home address and telephone number of every franchisee who has had a Huntington Learning Center terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the Franchisor within 10 weeks of the application date are listed in Exhibit L to this Offering Circular.

Franchisees Offering NCLB Programs

As described in Item 1, certain franchisees of Huntington Learning Centers, Inc. offer NCLB Programs under a School Services Amendment. These franchisees are identified in Exhibit M.

ITEM 21. FINANCIAL STATEMENTS

The following financial statements are annexed to this Offering Circular as Exhibit J: Audited balance sheet of the Franchisor as of December 31, 2003, 2004, and 2005, and related statements of operations, shareholders' equity, and cash flow for the years then ended March 30, 2006.

ITEM 22. CONTRACTS

Copies of contracts and other exhibits are attached to this Offering Circular in the following order:



Exhibits	
A	Franchise Agreement
B	Development Agreement
C	Software License Agreement
D	Phone Number License Agreement
E	Conference Service License Agreement
F	Call Center License Agreement
G	School Services Amendment
H	Territory Amendment
I	Huntington Advertising Fund, Inc. Bylaws
J	Financial Statements
K	Current Franchisees
L	Former Franchisees
M	Franchisees Who Have Signed a School Services Amendment
N	Franchise Brokers
O	United States State Departments of Education and Canadian Provincial Education Ministers
P	Franchisor's Agents for Service of Process and State Franchise Administrators
Q	Franchisor's Approved Provider Status Under the NCLB Act
R	Confidential Operating Manual Table of Contents
S	Minimum Insurance Requirements
T	Review of the Confidential Operating Manual
U	Receipt

ITEM 23. RECEIPT

Two copies of an acknowledgment of your receipt of this Offering Circular appear as Exhibit U. Please sign them and return one copy to us and retain the other for your records.

