



FRANCHISE OFFERING CIRCULAR

Dep't. of Corporations  
PSS Unit - San Francisco Office  
MAR 16 2007

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## THE ALTERNATIVE BOARD®

*Achieve Success with Peer Advice and Coaching*

TAB Boards International, Inc. is offering franchises for the establishment and operation of businesses that provide: (1) facilitation services for group meetings of business leaders ("TAB Boards"); and (2) private coaching services that include personal and business planning services. Business leaders who participate in the TAB Boards You form and facilitate and/or to whom you provide coaching are known as "TAB Member(s)." A franchisee will pay an initial franchise fee that ranges between \$25,000 and \$55,000 depending upon the size of the territory involved and an Initial Training fee of \$2,000 per day for a minimum of 6 days (\$12,000 to \$16,000). In addition, a franchisee will pay TAB the Kick-Off Marketing Costs which ranges between \$3,600 and \$18,000. The estimated initial investment, which includes all initial fees listed above, ranges from \$47,385 to \$111,375 depending upon the size of the territory involved.

Risk factors:

**THE FRANCHISE AGREEMENT REQUIRES THAT CERTAIN DISAGREEMENTS BE SETTLED BY LITIGATION OR ARBITRATION IN COLORADO OR THE STATE OF TAB'S PRINCIPAL PLACE OF BUSINESS AT THE TIME. OUT OF STATE LITIGATION OR ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO LITIGATE OR ARBITRATE WITH US IN COLORADO THAN IN YOUR HOME STATE.**

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

**THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Information about comparisons of franchisors is available. Call the state administrators listed in [Exhibit A](#) or your public library for sources of information.

Registration of this franchise by a state does not mean that the state recommends it or has verified the information in this Offering Circular. If you learn that anything in this Offering Circular is untrue, contact the Federal Trade Commission and the state authority listed in [Exhibit A](#).

Some states require franchisors to make additional disclosures related to the information contained in this offering circular and the franchise agreement. If applicable, these additional disclosures and amendments will be contained in a state law addendum included in this offering circular and attached to the franchise agreement.

Issuance Date: March 12, 2007

## MICHIGAN ADDENDUM

The effective date of this offering circular is March 12, 2007.

The State of Michigan prohibits certain unfair provisions that are sometimes found in franchise documents. If any of the following provisions are in a franchise document, the provisions are void and cannot be enforced against you:

- (A) A prohibition on the right of a franchise to join an association of franchisees.
- (B) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value, at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. The subsection applies only if: (i) the term of the franchise is less than five years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of the franchisor's intent not to renew the franchise.
- (E) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration at a location outside this state.
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

## TABLE OF CONTENTS

1	THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES .....	1
2	BUSINESS EXPERIENCE.....	4
3	LITIGATION.....	3
4	BANKRUPTCY.....	6
5	INITIAL FRANCHISE FEE.....	6
6	OTHER FEES .....	7
7	INITIAL INVESTMENT.....	14
8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	17
9	FRANCHISEE'S OBLIGATIONS .....	19
10	FINANCING.....	20
11	FRANCHISOR'S OBLIGATIONS.....	20
12	TERRITORY .....	28
13	TRADEMARKS .....	31
14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	32
15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	33
16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	34
17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	35
18	PUBLIC FIGURES.....	38
19	EARNINGS CLAIMS.....	38
20	LIST OF OUTLETS.....	39
21	FINANCIAL STATEMENTS .....	43
22	CONTRACTS .....	43
23	RECEIPT.....	43

## ITEM 1

### **THE FRANCHISOR, ITS PREDECESSORS, AND AFFILIATES**

#### **The Franchisor, Its Predecessors, And Affiliates**

To simplify the language in this offering circular "TAB", "Us", "Our" or "We" means TAB Boards International, Inc., the franchisor. "You", "Your" or "Franchisee" means the person who buys the franchise. If the franchise will be owned by a corporation or partnership or limited liability company, "You", "Your" and "Franchisee" also means the owners of the corporation or partners of the partnership or members of the limited liability company and any Managing Party as defined in Item 15.

TAB is a Colorado corporation that was formed on January 2, 1996, under the name "IHTAB, Inc." We changed Our name to TAB Boards International, Inc. on April 4, 2002. We currently conduct business under Our corporate name and our Trademarks as defined below. Our principal business address is 1640 Grant Street, Suite 200, Denver, Colorado 80203. TAB's agents for service of process are listed in Exhibit A.

TAB's wholly-owned subsidiary, IHTAB-Canada, Ltd., an Alberta, Canada corporation, was formed in August 1997 and began operating in 1998. In August 2004, IHTAB-Canada, Ltd. changed its name to TAB Boards International (Canada), Inc. On January 20, 2006, it was registered in Nova Scotia through an amalgamation and the business is now being conducted under the name TAB Boards International (Canada) Corporation. TAB Boards International (Canada), Corporation conducts business under its own name and under the Trademarks (as defined below). Its principal business address is Building 2 Whitemud Business Park, 309 9622 42 Ave., Edmonton, Alberta, Canada T6E 5Y4. TAB Boards International (Canada) Corporation spends funds on marketing for prospective franchisees in Canada, but all franchise sales are conducted through TAB. TAB Boards International (Canada) Corporation may provide marketing support services to franchisees. It has never operated Businesses, as defined below, of the type described in this Offering Circular nor has it marketed franchises in any other line of business.

Our predecessor and affiliate, Direct Communication Service, Inc. ("DCS"), a Missouri corporation, developed the TAB System, as defined below, and formed the first TAB Boards in 1990. DCS was incorporated on May 23, 1990 under the name Infinite Horizons, Inc., and, in January 1996, changed its name to Direct Communication Service, Inc. DCS has the same business address as TAB. DCS conducts business under the service marks INFINITE HORIZONS® and INFINITE HORIZONS® INSTITUTE. DCS also developed the "SBL Trademark" and "SBL System" (both terms are defined below).

Allen Fishman Business Consultants, Inc. ("AFBC"), a Missouri corporation, operates a TAB Business as a franchisee in the St. Louis, Missouri metropolitan area, in addition to providing other business services. AFBC creates and tests new methods of marketing for TAB Members and facilitating TAB Boards. AFBC may also be considered Our predecessor and an affiliate. AFBC, incorporated in June 1990 under the name F.R.D., Inc., and now does business under its current corporate name, Allen Fishman Business Consultants, Inc. and the name Allen Fishman Business Consultants. Its principal place of business is 1640 Grant Street, Suite 200, Denver, Colorado 80203.

#### **The Franchise**

TAB owns, operates, and grants franchises for the establishment and operation of businesses ("Business(es)" or "TAB Business(es)") that:

A Protected Territory with more than 7,500 but fewer than or equal to 15,000 total businesses is classified as a Personal Class 2 Territory.

A Protected Territory with more than 15,000 but fewer than or equal to 22,500 total businesses is classified as a Master Licensee Class 1 Territory.

A Protected Territory with more than 22,500 but fewer than or equal to 30,000 total businesses is classified as a Master Licensee Class 2 Territory.

No Protected Territory will be permitted with more than 30,000 total businesses.

If You have either a Master Licensee Class 1 or Master Licensee Class 2 Territory, You may (and TAB recommends that You) engage independent Contract Facilitators to both facilitate TAB Boards and to provide private coaching services for TAB Members ("Contract Facilitator"), during such time that You or Your Managing Party are facilitating a minimum of one TAB Board per month and providing monthly private coaching services for the TAB Members of that TAB Board.

In addition, if You have a Personal Class 2 Territory or a Personal Class 1 Territory, where according to Our guidelines, there is no contiguous territory available to make Your territory a Master Licensee Class 1 Territory, You will be eligible to elect to obtain the right to license independent Contract Facilitator(s) in Your Protected Territory.

Any use of Contract Facilitators, however, must strictly follow TAB's guidelines, as described in the Confidential Manual, to avoid any possibility that the Franchisee/Contract Facilitator relationship could be deemed a sub-franchise or business opportunity relationship – which is strictly prohibited by TAB.

Members may also purchase other services from You, including, without limitation, SBL System services and products, as well as other consulting related services and products, at fees or prices determined by You, unless stated otherwise in this Offering Circular. (See Item 16)

TAB may pay a referral fee to You, any of Your Facilitators or an unaffiliated third party who refer a prospect who purchases a TAB franchise. These referring parties are not permitted to participate in any sales activity or promotional efforts in order to refer prospects. The program may not be available in all states, and TAB has the right to discontinue the referral program at any time. TAB utilizes brokers which are described in Item 2.

TAB, or an Affiliate of TAB is currently planning to expand in certain foreign countries. If so, You and Your Facilitators may be eligible to assist in finding leads and providing training to foreign franchisees, in return for a commission, if the franchise sale is completed. TAB or its Affiliate has the sole right to establish eligibility requirements for participation in this program and reserves the right to discontinue the program at any time. You are not obligated to participate in the program and have no assurance that You will be allowed to participate.

Other franchise owners of TAB may operate under different forms of agreements and, consequently, TAB's obligations and rights with respect to its various franchise owners may differ materially in certain circumstances. In particular, those who have been previously engaged by TAB as a Corporate Contract Facilitator or who have completed Corporate Contract Facilitator training prior to November 30, 2003, may operate under different terms and/or forms of agreements.

company which has no authority to make decisions about TAB or its operations. With the exception of Allen E. Fishman and Jason P. Zickerman, each of whom holds positions with affiliate companies of TAB, all employees shown in this Item 2 have signed agreements that they will not engage in any business activity outside of TAB.

**Chief Executive Officer/Chairman Of The Board Of Directors – Allen E. Fishman**

Mr. Fishman has been the Chairman of the Board of Directors and Chief Executive Officer of TAB since January 2, 1996. He was also President and Chief Operating Officer of TAB until September 1998. He currently serves as Chief Executive Officer and a Director of AFBC. Mr. Fishman facilitates a TAB Board through AFBC. Mr. Fishman is the President and a Director of Sun Development Company ("Sun"), a family-owned Missouri corporation that manages real estate properties owned by Sun or owned in part or all by members of the Fishman family. He has held these positions since Sun's formation in 1985. He currently serves as President and Chairman of the Board of Directors of DCS. Mr. Fishman has held the positions of Chief Executive Officer, Chief Operating Officer, and a Director of DCS since 1990. Mr. Fishman is a licensed attorney (currently inactive) in the states of Missouri and California.

**President/Chief Operating Officer/Director – Jason P. Zickerman**

From his early accounting career at Ernst & Young in New York City and through the 1990s, Mr. Zickerman held various management roles in finance and operations for employers in New York and California. Mr. Zickerman joined TAB in May 2001 as Our Executive Vice President and Chief Operating Officer. He became a member of the Board of Directors on April 1, 2002. Since April 10, 2002, Mr. Zickerman has served as Vice-President of DCS, AFBC, and Sun. DCS, AFBC, Sun and TAB owned by members of the Fishman family. In January 2004, he assumed the role of Our President, and retains the role of Our Chief Operating Officer.

**Chief Innovative Officer – David Halpern**

From September 1993 to July 1996, Mr. Halpern served as Our Corporate Facilitator. From July 1996 to September 1996, Mr. Halpern served as Our Vice President of Membership Development for TAB. He served as Chief Operating Officer until Jason P. Zickerman assumed this role in May 2001. Mr. Halpern served as Our President and a Director from September 1998 to January 2004, at which time he became Chief Innovative Officer and President Ex Officio when Jason P. Zickerman assumed the role of President. Mr. Halpern has a small minority interest in TAB.

**Vice President – Cheryl C. Swanson**

From July 1998 until January 2000, Ms. Swanson was Vice-President and national Senior Marketing Planner, for Key PrivateBank & Key Trust divisions of KeyBank, part of KeyCorp, Cleveland, Ohio. From January 2000 until April 2001, Ms. Swanson was promoted to lead a newly integrated marketing segment as Vice-President and national Marketing Manager over the High Net Worth Segment as a result of KeyCorp's acquisition of McDonald Investments, Inc., a Cleveland, Ohio-based investment firm. From April 2001 until April 2003, following relocation to Denver, Colorado, Ms. Swanson chose self-employment as a marketing consultant to select private and public company clients. In April 2003, she joined TAB as Director of Marketing. In December 2004, she was promoted to Vice President and retains responsibility for directing all marketing.

based on Our then current rate, for all additional individuals or replacement owners that You request to attend the Initial Training Program.

In addition, You will pay Us Your Kick-Off Marketing Costs for Your Kick-Off Marketing Campaign. Your Kick-Off Marketing Campaign is the marketing campaign to solicit Members to attend a Group Information Meeting ("Kick-Off Marketing Campaign"). "Your Kick-Off Marketing Costs" are comprised of a per prospect charge of \$3.60 (subject to increases for costs for postage, materials, suppliers, and other resources for each Required Marketing Prospect in Your Protected Territory ("RMP")). This per prospect charge includes: (1) the cost of lists of mailing addresses and phone numbers for all RMPs in Your Protected Territory; and (2) mailing one direct marketing piece and attempting one phone call to each RMP, inviting these prospects to attend Group Information Meetings.

Your Kick-Off Marketing Costs range from \$3,600 to \$18,000 depending on the size of Your Protected Territory. Your Kick-Off Marketing Costs which are due and payable by You upon signing the Franchise Agreement are listed in the Addendum To Franchise Agreement, attached to the Franchise Agreement as Exhibit I.

No portion of the fees listed above are refundable under any circumstances.

**ITEM 6**

**OTHER FEES**

Name of Fee	Amount	Due Date	Remarks
<b>Portion of the Business Assessment Fees</b> <sup>1,3,7</sup>	The greater of: (1) \$200; or (2) 50% of all Business Assessment Fees paid by each new TAB Member.	Monthly by the 10 <sup>th</sup> business day following the end of each month.	Business Assessment Fees are paid directly to Us by TAB Members.
<b>Royalty Fee</b> <sup>1,2,3,7</sup>	35% of Membership Dues. No portion of Your consulting or coaching revenue.	Monthly by the 10 <sup>th</sup> business day following the end of each month.	Royalty Fees are paid during the first 18 months after Your Start of Business Operations or until such earlier time when You elect to begin paying the Opportunity Fee.
<b>Opportunity Fee</b> <sup>1,2,3,7</sup>	Depending upon Your Protected Territory Classification: Personal Class 1 \$1,500 Personal Class 2 \$2,500 Master Licensee Class 1 \$3,500 Master Licensee Class 2 \$4,500	Monthly by the 10 <sup>th</sup> business day following the end of each month.	The Opportunity Fee replaces the Royalty Fee.

Name of Fee	Amount	Due Date	Remarks
<b>TMD Field Support Fees</b> <sup>1, 5, 7</sup>	\$2,500 per week for 2 weeks of TMD Field Support in the 3 <sup>rd</sup> and 4 <sup>th</sup> weeks that You hold Group Information Meetings.	Upon receipt of Invoice	A "TMD" is a TAB Membership Developer who provides field support to assist You in the member acquisition process. You are required to pay for 2 weeks of TMD Field Support until You elect the Opportunity Fee. Any other TMD Field Support that You request will be charged at the then current rate. You will also be responsible for any travel accommodations and living expenses for the TMD.
<b>TMD Field Support Bonus</b> <sup>1, 3, 5, 7</sup>	The total of the first month's Membership Dues received from new Members who join Your TAB Boards within 150 days after attending a meeting in which the TMD participated in presentations or interviews.	Monthly by the 10 <sup>th</sup> business day following the end of each month.	You are responsible for paying the TMD Field Support Bonus every time You use TMD Field Support. These dues will be used in the TMD Field Support compensation plan, including paying bonuses to the TMDs.
<b>TAB Promotional Materials, Designated Materials and SBL Kits</b> <sup>1, 3, 7</sup>	Will vary, based on Our then current published price list.	When You place Your purchase order, with the exception of Designated Materials, which will be sent to You automatically when required by TAB.	The number of copies of TAB Promotional Materials You are required to purchase depends on the size of Your Protected Territory. Purchases of books that are part of the Designated Materials will not exceed \$500 during any six-month calendar period. You are only required to purchase SBL Kits for a Member who wants more than 1 Kit or a replacement kit.
<b>International Conference Facilitator Registration Fee and FBE Fee</b> <sup>1, 3, 7</sup>	The then current International Conference Facilitator Registration Fee, which is currently \$950, charged annually, regardless of attendance. You will also pay the then current food, beverage and entertainment fee ("FBE Fee") for You and each of Your attending parties. The FBE Fee is currently \$75 per person.	In the month the fees become due	You are required to attend the International Conference each year. In addition, You will also pay the then current fee per person for any of Your additional parties attending each of the International Conferences. This fee is currently \$250 per person per conference. The FBE Fee is for the Facilitator programming portion of the International Conference.



Name of Fee	Amount	Due Date	Remarks
<b>Transfer Fee and Training fee for purchaser of franchise</b> <sup>1, 3, 6, 7</sup>	\$7,500 and the Initial Training Fee at Our then current published rate	Payable upon transfer.	If You transfer the Business within 3 years of the date of the Franchise Agreement, You must also pay the difference, if any, between the Initial Franchise Fee You paid and the then current Initial Franchise Fee for the Protected Territory Classification if the Initial Franchise Fee at such time is higher.
<b>Interest and Late Charges</b> <sup>1, 3</sup>	Lesser of 18% per annum or highest rate of interest allowed by law.	As incurred	Begins to accrue from date of nonpayment or underpayment.
<b>TAB quality review of TAB Board Meetings and/or private coaching sessions</b> <sup>1, 3, 5</sup>	Travel and accommodation expenses of person doing the audit at the then current limit.	As incurred.	TAB has the right, without notice, to review Your TAB Board Meetings and/or private coaching sessions but You will not have to pay these fees more than once every 36 months.
<b>TAB audit of Your financial records</b> <sup>1, 3, 5</sup>	Cost of inspection or audit, plus amount of understatement, if any, due, plus interest.	Within 15 days of inspection or audit report.	Payable only if You fail to provide Us with required reports and records and/or You understate the amounts due Us by more than 2% in any consecutive period of three or more months.
<b>Indemnification and Costs and Attorneys' Fees</b> <sup>1, 3</sup>	Variable	As incurred	You must reimburse Us if We are held liable for claims resulting from Your Business operations. Attorneys' Fees payable by the losing party in an action between You and Us.
<b>Management fee for providing a TAB-Certified Facilitator to facilitate Your Board(s)' Members because of Your death or disability</b> <sup>1</sup>	50% of Gross Received Revenue generated by Your Business to TAB	As incurred	Payable only if You or Your estate cannot provide an interim TAB Facilitator.

If You desire, Your Contract Facilitators can pay for the following: (a) payments to TAB, its Affiliates, or third parties (even if TAB or You receives a rebate), as long as those purchases are for products or services that are optional and not essential to the operation of the Business; (b) payments to TAB, its Affiliates, or third parties (even if TAB or You receives a rebate), as long as those purchases are for products or services that are merely recommended and not required by TAB or You; and (c) payments directly to third parties, even if required, who are not affiliated with TAB or You for expenses relating to the business, such a travel expenses and regular business expenses, so long as TAB or You do not receive a rebate.

<sup>4</sup> The Member Administration and Support Fee is for such things as TAB's billing and internal collection services; development, production, and distribution to You and/or Your active Members of a monthly newsletter; request and review of Member evaluations; providing a corporate website, an electronic forum called the TAB Hotline, and various Member administration and tracking functions. If You acquired Your Business from another franchisee, or You have operated as a Contract Facilitator engaged by either a TAB franchisee or Us in a geographic area that includes some part of the Protected Territory, then You will begin paying the Member Administration and Support Fee upon signing the Franchise Agreement.

<sup>5</sup> Fees for Mass Marketing Campaigns include the per prospect fee and the TMD Field Support Fees. The required Mass Marketing Campaigns include the Kick-Off Campaign, the Follow-Up Campaign, and 2 Mass Marketing Campaigns. The Kick-Off Campaign is to invite prospective TAB Members to attend Group Information Meetings and begin the Member development process to potentially form initial Boards in Your Protected Territory. After Your Kick-Off Campaign, and typically within 90 to 120 days from the start of Your Kick-Off Campaign, subject to availability of TMD Field Support, You must conduct another campaign to a number of prospects equal to Your then current number of RMP's.

If You elect to pay Opportunity Fees instead of Royalty Fees, You will no longer receive assistance from TMDs unless You specifically request such assistance. If You elect to pay the Opportunity Fees before You receive assistance from TMD Field Support for weeks 3 and 4, You will not be required to pay the TMD Field Support Fee and TMD Field Support Bonus.

Additional marketing assistance and/or resources are available by contacting the TAB Corporate Marketing Department directly to discuss Your needs and availability of additional assistance and/or resources. You are responsible for any applicable charges which may apply for any such additional assistance and/or resources requested.

<sup>6</sup> You will also be responsible for paying any applicable referral fees charged by the broker or other referral source and any sales commission which would have been paid to any TAB salesperson working with the party to whom You are transferring Your Business. Contract Facilitator training does not meet the requirement that a transferee needs to complete. Any transferee must also pay for and successfully complete the then current Initial Training Program.

<sup>7</sup> TAB has the right to increase any fees due from You, as well as any charges for products, materials, and services provided to You, based on TAB's reasonable judgment, from time to time. However, TAB will notify You of such increases at least 30 days before they go into effect, either by memo or by an amendment to the Confidential Manual. However, annual increases in the Opportunity Fee and the Contract Facilitator License Fee will be limited to the percentage increase in the Consumer Price Index.

Expenditure	High	Low	When Due	Method of Payment	Whether Refundable	To Whom Payment Is To Be Made
<b>TOTAL Estimated Initial Investment</b> <sup>12</sup>	\$111,375	\$47,385				

**THESE EXPENSES ARE MERELY ESTIMATES. YOU ARE ENCOURAGED TO MAKE AN INDEPENDENT INVESTIGATION AND ANALYSIS OF THE POTENTIAL EXPENSES WHICH MAY BE INCURRED IN ORDER TO START YOUR BUSINESS.**

**THESE EXPENSES ASSUME THAT YOU WILL OPERATE THE BUSINESS OUT OF YOUR HOME OR EXISTING OFFICE SPACE WITHOUT INCURRING ADDITIONAL RENTAL EXPENSES.**

<sup>1</sup> **Initial Franchise Fee.** The Initial Franchise Fee will vary depending upon the size of Your Protected Territory and will be due upon signing the Franchise Agreement.

<sup>2</sup> **Travel and Living Expenses During Initial Training Program.** Travel and living expenses during the Initial Training Program will vary by such factors as traveling distance, method of travel, and level of accommodations chosen by You. The low estimate assumes You live near the site of the Initial Training Program and return home at night. The high estimate assumes travel by air and lodging in a quality hotel.

<sup>3</sup> **Initial Training Fee.** The Initial Training Fee is \$2,000 per day, which is currently 6 days. The high amount reflects the future possibility of 2 additional days being added to the Initial Training Program.

<sup>4</sup> **First Year Advanced Training Expenses.** During the first twelve months after completion of Your Start of Business Operations, You, and/or any affiliate(s) of Yours who attended the Initial Training Program, will be required to participate in advanced training ("First Year Advanced Training"), consisting of monthly group conference calls of up to two hours on topics of particular interest to new Facilitators to be scheduled in advance and conducted by TAB. You may also be provided additional telephonic training and strategizing by the TAB corporate marketing department. These services are provided at no additional charge; however, You are required to pay any telephone charges.

<sup>5</sup> **First Year Business Coaching Fees and Expenses.** You are required to have a minimum of 90 minutes of business coaching per month for the first four full months and 60 minutes per month for the next eight full months after You complete the Initial Training Program ("First Year Business Coaching"). TAB will designate a Business Coach and You and Your Business Coach will coordinate the details of Your First Year Business Coaching. Your Business Coach will be paid directly by You or You will pay TAB for his/her time involved in conducting the First Year Business Coaching depending on Your Business Coach. First Year Business Coaching services will be charged by the Business Coach at the then current rate, which is currently \$100 per hour, whether the services are provided by telephone, email, fax, or in person. You are also responsible for all applicable telephone or other communication expenses incidental to the provision of the First Year Business Coaching. The low estimate assumes only charges for 90 minutes of business coaching per month for the first three months after Your Start of Business Operations. The high estimate assumes You incur an additional \$100 of telephone or other communication expenses incidental to the provision of the First Year Business Coaching during Your first 3 months after Your Start of Business Operations. If You elect to pay an Opportunity Fee in lieu of a

should not be greater than \$1,500 per week, however, if You decide to use the assistance of a TMD in the future, the travel costs could be greater.

<sup>11</sup> **Additional Funds**. This is an estimate of Your pre-operational expenses, which are not listed above, as well as the additional funds necessary for the first three months after Your Start of Business Operations. This item includes a variety of expenses and working capital items during Your start-up phase, such as advertising and marketing, rent, insurance, salaries (other than a salary for yourself), and other miscellaneous costs. We cannot guarantee that You will not have additional expenses when You start the Business. The actual amount of Your additional funds will depend on factors such as the number of prospects You market, Your management skills, Your experience and business acumen, local economic conditions, the local market for Our services and products, competition, Your timing for engaging and the weekly hours and amount You pay a part-time assistant, and the membership level You reach during this initial period.

<sup>12</sup> **Total Initial Investment**. We have relied on Our experience in preparing these figures. You should review these figures carefully with a business adviser before You make any decision to purchase a franchise. These figures are estimates, and We cannot guarantee that You will not incur additional costs during the first three months after Your purchase of the Business. Except as described above, none of the fees listed in this Item 7 are refundable. Your financial condition and arrangements negotiated by and the business decisions made by You will also affect these costs. There can therefore be no assurance that the experience of a particular franchisee will correspond with the information presented above.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must establish and operate Your Business in compliance with Your Franchise Agreement and the Confidential Manual We loan to You regarding the Licensed Methods. You are required to purchase all products, services, supplies, inventory, equipment, and materials required for the operation of the Business from manufacturers, suppliers, or distributors We approve, or from other suppliers who meet our specifications and standards as to quality, appearance, taste and service, and who adequately demonstrate their ability to supply the franchise needs in a timely and reliable manner. Some of the approved suppliers may be affiliated with Us. We have imposed these requirements in order to assure quality and uniformity.

Approved suppliers may be designated in the Confidential Manual. We may modify the list of approved brands, products and suppliers, and will notify You of any modification. If You wish to purchase or lease any goods, products, equipment or supplies not approved by Us as meeting Our specifications, You must first notify Us. We may require You to submit sufficient photographs, drawings and/or other information and samples to determine whether these goods, products, equipment, or supplies meet our specifications. Our standards and specifications may impose minimum requirements for delivery, performance, design and appearance. We will advise You within a reasonable time whether these goods, products, equipment or supplies meet Our specifications.

#### **Promotional Materials and TAB Products**

You must purchase promotional materials ("TAB Promotional Materials") directly from Us or designated or approved vendors. TAB Promotional Materials may include brochures, books, videos, DVDs, CDs, slides, forms, and other materials used by You in Your Business. This may include copies of a book selected by Us. You must maintain TAB Promotional Materials at all times in the amounts stated in the Confidential Manual. TAB may from time to time, at TAB's option, require You to purchase copies

Our standards and specifications, or suppliers who have Our authorization, at any time if We give You 90 days advance written notice. We are not affiliated with any approved or designated suppliers.

## ITEM 9

### FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Item in Offering Circular
(a) Site selection and acquisition/lease	Section 2.3	Item 11
(b) Pre-opening purchases/leases	Sections 4.1, 5.2, 5.6 and 6.2	Items 5 and 7
(c) Site development and other pre-opening requirements	N/A	N/A
(d) Initial and ongoing training	Sections 5.2 and 5.4	Item 11
(e) Opening	Section 6.3	Item 11
(f) Fees	Sections 4 and 7.1	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Sections 5.5 and 6.4	Item 11
(h) Trademarks and proprietary information	Section 9	Items 13 and 14
(i) Restrictions on products/services offered	Section 6	Items 8 and 16
(j) Warranty and customer service requirements	Sections 6.17 and 12.3	Item 16
(k) Territorial development and sales quotas	Section 2	Item 12
(l) Ongoing product/service purchases	Section 6.7	Item 8
(m) Maintenance, appearance, and remodeling requirements	N/A	N/A
(n) Insurance	Section 6.15	Items 6 and 8
(o) Advertising	Section 7	Item 11
(p) Indemnification	Section 12.2	Item 6
(q) Owner's participation/management/ staffing	Sections 1.3, 6.1 and 6.9	Item 15
(r) Records/reports	Section 8	Item 6
(s) Inspections/audits	Sections 8.3 and 8.5	Item 6
(t) Transfer	Section 13	Item 17
(u) Renewal	Sections 3.2 and 3.3	Item 17

Confidential Manual, but the modifications will not substantially alter Your status and rights under the Franchise Agreement. See Section 5.5 of the Franchise Agreement and Exhibit C;

8. Provide You an initial start-up inventory of TAB Membership materials and TAB Promotional Materials, as described in the Confidential Manual. See Section 5.6 of the Franchise Agreement; and

9. Offer guidance to You in the form of suggested pricing charged by Your Business for Business Assessment Fees and Membership Dues. See Section 5.7 of the Franchise Agreement.

#### **Assistance After Kick-Off Marketing Campaign**

During the operation of Your Business after the Kick-Off Marketing Campaign, We or Our designee will do the following:

1. In exchange for the "Member Administration and Support Fee":
  - a. We will invoice/charge Your Members for TAB Membership Dues and Business Assessment Fees, SBL products, and any other services or products. Members will be invoiced/charged for Membership Dues in advance for each month or each quarter. See Section 4.3 and Section 5.8 of the Franchise Agreement;
  - b. Develop, produce, and distribute to You and each of Your active Members, a monthly newsletter entitled Tips From The Top<sup>®</sup>;
  - c. Send, review, and evaluate periodic surveys and/or evaluations to active Members;
  - d. Provide a central TAB corporate website using the current URL of www.TABBoards.com or another URL selected by TAB for use by Facilitators as well as prospective Members;
  - e. Provide a periodic report/newsletter for Facilitators that provides ideas and advice about Your Business;
  - f. Provide an electronic forum (the "TAB Hotline"), which can be used by Facilitators to obtain advice regarding Member concerns and/or Facilitator concerns from other Facilitators; and
  - g. Provide various Membership administrative functions.
2. Produce an annual International Conference for Facilitators, Members, or a combination. All fees related to the International Conference are listed in Item 6. See Section 5.4 of the Franchise Agreement.
3. Give You access to TAB Membership promotional materials, media relations and advertising. See Section 7.3 of the Franchise Agreement;
4. Send a TMD, subject to availability, to Your Protected Territory during Your Follow-Up Campaign, which will commence approximately 90-120 days after Your Kick-Off Campaign commences. If Your Kick-Off Campaign is conducted in more than one phase, TAB will require You to use TMD(s) for both weeks during the second phase of Your Kick-Off Campaign, eliminating the requirement to use

We do not guarantee that advertising expenditures from the Franchise Marketing Account benefit You or any other Franchisee directly or on a pro rata basis. TAB undertakes no obligation to ensure that Franchise Marketing Account expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees operating in that geographic area or that any TAB franchisee will benefit directly or in proportion to its contribution to the Franchise Marketing Account from the development of advertising and marketing materials or the placement of advertising. We assume no other direct or indirect liability or obligation to You for collecting amounts due to any advertising account or for maintaining, directing, or administering any advertising account. We have used in-house personnel in the past to create written press releases, audio and direct mail advertising, and promotions, and We intend to continue this practice in the future. If We create advertising materials in-house, We may reimburse ourselves from the Franchise Marketing Account for administrative costs, salaries, and overhead expenses related to the creation of such materials.

You may create Your own advertising materials; however, all Your advertising must be in media of a type and a format that We approve and must conform to the standards and requirements We specify. You may not use any advertising or promotional plans or materials until You receive Our written approval. We will approve or disapprove of Your advertising within 10 business days of the date We receive it. You may not post any advertisements on the Internet or use any of Our Trademarks as part of a domain name, on the World Wide Web, or anywhere on the Internet, without Our approval.

We require You to conduct, during the first 18 months after Your Start of Business Operations, or until You elect to begin paying an Opportunity Fee in lieu of the Royalty Fee, whichever is earlier, periodic required Mass Marketing Campaigns in Your Protected Territory.

Although not required for or satisfying the Required Marketing requirements, Franchisees may advertise locally as well. If You choose to advertise locally, You may purchase local advertising separately through local marketing and media sources within Your Protected Territory. You are not required to participate in any local or regional advertising cooperatives.

There are Franchisees that, as of this date, have Franchise Agreements that require a monthly advertising contribution that is different than the formula required by Your Franchise Agreement.

#### **Computers And Other Electronic Systems**

You must own or lease a laptop computer with CD ROM bay for use in Your Business. Currently, We do not require You to obtain any specific brand of computer system, however, Your computer must have a Pentium processor (IV or higher) and at least 1 GB RAM. We recommend that You have high speed Internet access because otherwise the website performance may be affected. TAB is under no obligation to provide You with any ongoing service related to Your hardware package. TAB reserves the right to require You, at Your expense and in the time frame determined by TAB to update, upgrade or change the hardware and/or software You use in Your Business to conform to new standards or specifications. As technology improves, You will be required to upgrade Your equipment or purchase new equipment. No contractual limit exists on the frequency or cost of this obligation.

You are required to have Windows XP Pro (or Windows 2000 SP2) or higher as Your operating system and MS Office – which include Word, PowerPoint and Excel (Version 2000 or higher). This is not proprietary software of Ours but rather an off-the-shelf program (shrink-wrap). TAB is not under any obligation to maintain or upgrade these programs.

You must maintain current information about such things as the status and responses to marketing campaigns of prospects for Membership served by Your Business in a database application compatible

The objective of the curriculum is to qualify the participants as Certified TAB Facilitators and Certified SBL Business Coaches.

The Initial Training Program is primarily conducted by the TAB employees and contract providers described in Item 2 above. Field support may be provided by TAB employees, or other individuals trained by TAB. The instruction materials include the Confidential Manual, slides, videos, CD-ROMS, DVDs, handouts, and audio and video presentations. The subjects covered in the Initial Training Program and the approximate amount of time devoted to each subject is listed below. However, the Initial Training Program may be modified at Our discretion. The exact number and distribution of hours of classroom training may vary.

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Days of In-The-Field Training</b>	<b>Instructor Name</b>
CLASSROOM TRAINING: Orientation to TAB	2	N/A	TAB Employees or contract providers
TAB Membership Marketing System	3	N/A	TAB Employees or contract providers
TAB Business Vantage®	1	N/A	TAB Employees or contract providers
Reporting Forms	0.5	N/A	TAB Employees or contract providers
Office Opening Procedures	0.5	N/A	TAB Employees or contract providers
Member Placement and Pricing	0.5	N/A	TAB Employees or contract providers
Administration Overview	1	N/A	TAB Employees or contract providers
Record Keeping and Reporting	0.5	N/A	TAB Employees or contract providers
Membership Systems	1	N/A	TAB Employees or contract providers



You also must complete First Year Advanced Training during the first 12 months after Your Start of Business Operations. First Year Advanced Training consists of mandatory monthly group conference calls of up to two hours on topics of particular interest to new Facilitators, to be scheduled in advance and conducted by TAB. You will also be provided additional telephonic training and strategizing by the TAB corporate marketing department.

You will also be responsible for participating in a minimum of 90 minutes of business coaching per month for the first four full months and a minimum of 60 minutes per month for the next eight full months after You complete the Initial Training Program ("First Year Business Coaching"). TAB will designate a Business Coach and You and Your Business Coach will coordinate the details of Your First Year Business Coaching. Your Business Coach will be paid either directly by You or You must pay TAB depending on the Business Coach for his/her time involved in conducting the First Year Business Coaching. First Year Business Coaching services will be charged by Business Coach at the then current rate, which is currently \$100 per hour, whether the services are provided in person, by telephone, email or fax. You are also responsible for all applicable telephone or other communication expenses incidental to the First Year Business Coaching. If You elect to pay an Opportunity Fee in lieu of a Royalty, Your obligations to pay for First Year Business Coaching will cease at such time as You begin paying the Opportunity Fee. However, You may elect to continue using and paying a Business Coach after election of the Opportunity Fee, subject to Business Coach availability.

We will send TMD(s) for up to two separate trips of approximately five days each to Your Protected Territory during phase one of Your Kick-Off Campaign. You are required to use TMD(s) during the first four weeks during which You have TAB Group Information Meetings, subject to TAB availability of TMD(s). The TMD(s) will provide field support in addition to being the primary presenter of Group Information Meetings and the lead party conducting the Membership interviews during the trips.

If You use Contract Facilitators to facilitate TAB Boards in Your Protected Territory, Your Contract Facilitators may not facilitate a TAB Board until they have satisfactorily completed the required training for Contract Facilitators. The training required to become a Contract Facilitator may, in TAB's sole judgment, be less than the entire Initial Training Program. If You choose to use Contract Facilitators, You must pay Us the then current fee for their training, however, they can pay their travel and accommodation expenses directly to third party providers. For Your Contract Facilitator to be eligible to attend the Initial Training Program, You must submit the fully executed then current Contract Facilitator Agreement and payment for the Initial Training Program prior to Your Contract Facilitator's scheduled training month. See Item 6 above. The training for Contract Facilitators is subject to class availability.

TAB will produce, on an annual basis, an International Conference that You are required to attend. All fees related to the International Conference are listed in Item 6 above.

### **Confidential Manual**

The Confidential Manual is confidential and remains Our property. You will operate Your Business in compliance with those operational systems, procedures, policies, methods and requirements found in the Confidential Manual and in any supplemental bulletins and notices, revisions, modifications, or amendments are all a part of the Confidential Manual.

You must treat the Confidential Manual, any other manuals or written materials provided by Us or for use in the operation of Your Business, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Confidential Manual will remain Our sole property and

("Royalty Fee Addendum"), attached to the Franchise Agreement as Exhibit IV. The terms of the Royalty Fee Addendum require, among other things, that You relinquish all of your rights to Your Protected Territory and relinquish all marketing rights.

You may only solicit potential Members for TAB Membership through forms of communication approved by TAB. We specify the manner in which You may advertise and We include those instructions in the Confidential Manual.

You may advertise consulting services that do not meet the definition of a "Competitive Activity" (as defined in Item 16) in publications of general circulation within or outside of Your Protected Territory, if the advertisement does not refer to or contain any of the Trademarks. You must receive prior approval from TAB and the advertising must be lawful and not violate any consumer protection laws.

TAB will review Your Protected Territory Classification annually and make necessary adjustments to Your Protected Territory Classification based upon the then current number of total businesses. An increase or reduction in the number of total businesses in Your Protected Territory will result in a change in Your Protected Territory Classification. A reduction in the Protected Territory Classification of Your Protected Territory will not, for any reason, result in a reduction of the Initial Franchise Fee You already paid to TAB, as the Initial Franchise Fee, once paid, is not refundable under any circumstances. If the Protected Territory Classification of Your Protected Territory is increased for any reason, You will pay to TAB the difference of the then current Initial Franchise Fee for the higher Protected Territory Classification and the Initial Franchise Fee You already paid to TAB. An increase or reduction in Your Protected Territory Classification will result in an appropriate adjustment to Your applicable Opportunity Fee.

If We notify You that Your Protected Territory Classification changes due to an increase in the total number of businesses in Your Protected Territory, You will have the option to maintain Your Protected Territory Classification by eliminating enough zip codes and/or postal codes necessary to maintain the Protected Territory Classification that You had prior to the review in question. You will not, however, be allowed to change Your Protected Territory Classification to one based upon a number of total businesses less than that which You had prior to the review in question. This limited option to maintain Your Protected Territory Classification is expressly conditioned upon the zip codes and/or postal codes being released by You from Your Protected Territory being contiguous and at least one of the remaining zip codes in Your Protected Territory connecting with some part of the border of Your current Protected Territory. The reduced size and configuration of Your Protected Territory will be subject to the approval of TAB, which approval will not be unreasonably withheld. If Your Protected Territory is changed by the elimination of zip codes, for any reason, a written amendment to Your Franchise Agreement, acknowledging the zip codes being retained and Your new Protected Territory Classification, will be drafted by TAB in the current form approved by TAB and forwarded to You via registered mail for Your signature.

TAB will not allow a Protected Territory with more than 30,000 total businesses. If, after a review of Your Protected Territory, it is found to have more than 30,000 total businesses, TAB may automatically reduce the size of Your Protected Territory, in its sole discretion, to a set of zip codes and/or postal codes containing as close as possible to, but not more than, 30,000 total businesses using the same criteria of the zip codes and/or postal codes being released by You from Your Protected Territory being contiguous and at least one of the remaining zip codes in Your Protected Territory connecting with some part of the border of Your current Protected Territory.

You have no option, right of first refusal, or similar contractual right to acquire additional franchises. In addition, You have no rights to increase the size of Your Protected Territory.

Trademarks, or words that are confusingly similar to the TAB Trademarks or use the SBL System and SBL Mark ("Other Businesses"). The Other Businesses may be marketed and sold to anyone at any location within and outside of Your Protected Territory and may include, without limitation, business educational briefings, seminars/workshops, and business coaching/consulting services provided to business leaders and Other Businesses owned and/or licensed by DCS.

TAB, its Affiliates, and its licensees and franchisees may market Other Businesses to Your Members in Your Protected Territory by obtaining lists from other sources or through other methods of developing prospects. TAB, its Affiliates, and its licensees and franchisees will not be obligated to exclude Members or prospective Members in Your Protected Territory from lists obtained from other sources or through other methods of developing prospects.

There is no minimum sales quota.

**ITEM 13**

**TRADEMARKS**

Under the Franchise Agreement, we grant You the right to operate the Business under the Trademarks which are owned by Us.

As of the date of this Offering Circular, We have the registrations on the Principal Register of the U.S. Patent and Trademark Office as follows:

<b>Trademark</b>	<b>Registration Number</b>	<b>Date of Registration</b>
THE ALTERNATIVE BOARD TAB	1,669,689	December 24, 1991
THE ALTERNATIVE BOARD	2,326,459	March 2, 2000
STRATEGIC BUSINESS LEADERSHIP	2,512,533	November 27, 2001
TAB BOARDS	2,812,223	February 10, 2004
TIPS FROM THE TOP	2,085,944	August 5, 1997
TAB ADVISORY FORUM	2,325,976	December 14, 1999
TAB BUSINESS VANTAGE	2,972,404	July 19, 2005
POCKET VISION	2,934,488	March 22, 2005
TAB BOARDS REWARDS	3,000,076	September 27, 2005
TAB	3,161,296	October 24, 2006

As of the date of this Offering Circular, We are in the process of registering the following on the Principal Register of the U.S. Patent and Trademark Office:

<b>Trademark Registration Pending</b>	<b>Serial Number</b>	<b>Date of Filing</b>
Achieve Success with Peer Advice and Coaching	78540077	March 17, 2006
Arrow Design (Logo)	78840081	March 17, 2006
TALKTAB	78840064	March 17, 2006

You acknowledge that the operations, marketing, advertising, and related information and materials which are developed and utilized in connection with the operation of the Business, the Confidential Manual, all aspects of the Licensed Methods, all information regarding Your Members, and the Membership Information constitute TAB's Confidential Information and Trade Secrets ("Confidential Information and Trade Secrets"). Such Confidential Information and Trade Secrets is the unique, exclusive property and a trade secret of TAB and/or TAB's Affiliates. You acknowledge that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to TAB and/or TAB's Affiliates. You further acknowledges that TAB and its Affiliates have expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that TAB and its Affiliates have taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

You will not at any time, publish, disclose, divulge, or in any manner communicate to any person, firm, corporation, association, partnership, or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of TAB or in the operation of Your Business, any of the Confidential Information and Trade Secrets. You further agree not to use, copy, or imitate or cause or permit any other party to use, copy, or imitate, directly or indirectly, (i) any of the Licensed Methods for any purpose without TAB's express permission; (ii) any confusingly similar method, format, procedure, technique, system, name, trade dress, mark, symbol, emblem, tagline, insignia, term, designation, design, diagram, promotional material, or course material of TAB or its Affiliates; or (iii) any facility or program of TAB or its Affiliates.

The term "Membership Information" means all aspects of the Licensed Methods that relate to TAB's methods for forming TAB Boards, providing SBL coaching and soliciting new Members, and to all written agreements with Members, membership lists, RMP lists, documents, correspondence, membership data, files, lists of renewal dates, rates, and literature of whatever form respecting TAB Boards, TAB Members, or TAB Member prospects with whom You discussed or have had an appointment to discuss any of the Licensed Methods, in the past, present, or future. The term Membership Information does not include Your work product or matters related solely to an Ancillary Business.

You acknowledge that TAB owns and controls the Membership Information, all of which constitutes Confidential Information and Trade Secrets of TAB, and You acknowledge that TAB has valuable rights in and to such Confidential Information and Trade Secrets. You further acknowledge that You have not acquired any right, title, or interest in or to the Membership Information, except for the right to use the Membership Information in the operation of Your Business as it is governed by the Franchise Agreement.

We will require You and each of Your officers, partners, directors, other beneficial owners, and Facilitators who become aware of Our confidential information to execute Our Non-disclosure and Non-competition Agreement, in the form attached to the Franchise Agreement as Exhibit V.

#### **ITEM 15**

#### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

If You are a partnership, corporation, limited liability company or other legal entity, You must designate one owner, partner, member or officer ("Managing Party") who will have management responsibility for operating the Business. You or Your Managing Party is required to use his or her best

and guarantees issued by You and replace all products or refund all monies in accordance with the terms and conditions of any warranties or guarantees You offer and otherwise fully comply with the obligations of any warranties or guarantees You offer. We may develop certain service and product warranties and guarantees for Your clients that We deem to be essential elements of the successful operation of the Business. You will furnish all authorized warranties and guarantees to all clients of Your Business who qualify. You will also fully, accurately, and clearly inform Your clients about Our warranties and guarantees in accordance with Our policies and procedures.

You and/or Contract Facilitators licensed by You may offer and advertise within or outside Your Protected Territory, certain ancillary services or products approved by TAB, such as consulting services which are not the same as or similar in nature to those that form a part of the SBL System ("Ancillary Businesses(es)"), so long as: (i) You do not use the Trademarks, Copyrighted Material or the Licensed Methods; (ii) the Ancillary Business does not constitute a Competitive Activity, as defined below; and (iii) Ancillary Business would not, in TAB's sole opinion, compete with the Business and/or would not likely harm or disparage the goodwill associated with the Business and/or the Trademarks, Copyrighted Materials, or the Licensed Methods.

A "Competitive Activity" means services and products that are the same as, similar to, or competitive with the Licensed Methods. "Competitive Activity" also refers to: (1) facilitating groups of business leaders who run businesses that are not in the same business field, which group meetings are the same as or similar in nature to TAB Boards; and/or (2) providing regularly-scheduled private business coaching sessions or providing strategic planning services for business owners and/or their "Planning Teams" (designated participants for a company's planning and execution with the SBL System) that use exercises that are the same as or similar in nature to those exercises that are used in the SBL System.

TAB may, from time to time, offer You optional Supplemental Products and Services. If You elect to purchase or utilize Supplemental Products and Services offered to You by TAB, You may be required to attend training that TAB may offer and make specified purchases of products or services offered in connection with the Supplemental Products and Services. There may be fees and minimums payable, in addition to those in the Franchise Agreement, for the rights to offer, purchase, or utilize Supplemental Products and Services. At the time of offering Supplemental Products and Services to You, TAB will disclose to You any training, purchase requirements, and/or fees and minimums involved.

Any such Supplemental Products and Services accepted by You will be considered a part of the Licensed Methods, as they are licensed by You, and subject to the terms of the Franchise Agreement.

#### **ITEM 17**

#### **RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

This table lists certain important provisions of the Franchise Agreement ("FA"). You should read these provisions in the Franchise Agreement attached to this Offering Circular.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Term of the franchise	Section 3.1	10 years from Your Start of Business
b. Renewal or extension of the term	Sections 3.2 and 3.3	Renewable for successive additional 10 year terms

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 11.1	No marketing for TAB Members outside Protected Territory with exceptions; no "Competitive Activity", as defined in the Franchise Agreement
r. Non-competition covenants after the franchise is terminated or expires	Section 11.1	No Competitive Activity for two years within 25 miles of Protected Territory or other area in which TAB Boards meet
s. Modification of the agreement	Section 15.12	No modifications generally, but Confidential Manual may change
t. Integration/merger clause	Section 15.12	Terms of Franchise Agreement only are binding
u. Dispute resolution by arbitration or mediation	Section 14.2	Except for certain claims, all disputes must be arbitrated in Denver, Colorado or the city nearest TAB's principal place of business at that time which has a Center for Public Resources office (subject to state law)
v. Choice of forum	Sections 14.2 and 15.5	Arbitration or litigation in Denver, Colorado or the city nearest TAB's principal place of business at the time which has an American Arbitration Office (subject to state law)
w. Choice of law	Section 15.5	Colorado law applies (subject to state law)

These states have statutes which may supersede the Franchise Agreement in Your relationship with Us, including the areas of termination and renewal of Your franchise: ARKANSAS [Stat. Sections 4-72-201 to 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Ch. 739, Sections 42-133e to 42-133h], DELAWARE [Title 6, Ch. 25, Code Sections 2551-2556], HAWAII [Title 26, Rev. Stat. Section 482E-6], ILLINOIS [ILCS, Ch. 815, Sections 705/1-705/44], INDIANA [Code Section 23-2-2.7-1 to 7], IOWA [Title XX, Code Sections 523H.1-523H.17], MARYLAND [MD. CODE ANN., BUS. REG. Sections 14-201 to 14-233 (1998 Repl. Vol. & Supp. 2001)], MICHIGAN [1979 Comp. Laws, Section 445.1527], MINNESOTA [1996 Stat. Section 80C.14], MISSISSIPPI [Code Sections 75-24-51 to 75-24-63], MISSOURI [Rev. Stat. Sections 407.400-407.410, 407.413, 407.420], NEBRASKA [Rev. Stat. Sections 87-401 to 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 to 56:10-12], SOUTH DAKOTA [Codif. L. Section 37-5A-51], VIRGINIA [Code Sections 13.1-557-574], WASHINGTON [Rev. Code Sections 19.100.180, 19.100.190], WISCONSIN [Stat. Sections 135.01 - 135.07], DISTRICT OF COLUMBIA [Code Sections 29-1201 to 29-1208], PUERTO RICO [Ann. Laws, Title 10, Ch. 14, Sections 278-278d], VIRGIN ISLANDS [Code Ann., Title 12A, Ch. 2, Subch. III, Sections 130-139]. These and other states may have court decisions which may supersede the Franchise Agreement in Your relationship with Us, including the areas of termination and renewal of Your franchise. . If a state regulator requires Us to make additional disclosures related to the information contained in this Offering Circular, these additional disclosures are contained in a State Law Addendum included in this Offering Circular as Exhibit I.

**ITEM 20**

**LIST OF OUTLETS**

**FRANCHISE BUSINESS STATUS SUMMARY**

**Independent Associates (franchisee and non-franchisee) and Standard Franchisees**

**As of December 31, 2006/2005/2004**

State	Transfers	Canceled or Terminated by Franchisor	Not Renewed by Franchisor	Reacquired by Franchisor	Left the System/ Other	Total from Left Columns	Franchisees Operating at Year End
Alberta, Canada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2
British Columbia, Canada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/3/3
Manitoba, Canada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Ontario, Canada	0/0/0	0/0/0	0/0/0	0/0/0	0/0/2	0/0/2	6/6/5
Caracas, Venezuela	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	1/1/1
Alabama	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	0/0/0
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/1/1	0/1/1	1/1/2
Arkansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
California	0/0/1	0/0/0	0/0/0	1/0/0	0/2/0	1/2/1	16/17/17
Colorado	1/0/1	0/0/0	0/0/0	0/0/0	0/1/0	1/1/1	10/10/8
Connecticut	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	6/5/1
Delaware	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Florida	0/0/0	0/2/0	0/0/0	0/0/0	0/0/0	0/2/0	5/4/3
Georgia	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/1/0
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	10/10/9
Indiana	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	2/2/2
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Kansas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Kentucky	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Louisiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	0/0/1	0/0/0

**STATUS OF COMPANY-OWNED BUSINESSES**  
As of December 31, 2006/2005/2004

<b>STATE</b>	<b>BUSINESSES CLOSED DURING YEAR</b>	<b>BUSINESSES OPENED DURING YEAR</b>	<b>TOTAL BUSINESSES OPERATING AT YEAR END</b>
California	0/0/3	0/0/0	0/0/0
Colorado	0/0/1	1/1/0	3/2/0
Connecticut	0/0/1	0/0/0	0/0/0
Delaware	0/1/0	0/0/0	0/0/1
Florida	0/0/0	0/2/0	2/2/0
Georgia	0/0/1	0/0/0	0/0/0
Iowa	0/0/0	0/0/0	1/1/1
Minnesota	0/0/0	0/0/0	0/0/0
New York	0/0/0	0/0/0	0/1/1
Pennsylvania	0/0/0	1/0/0	1/0/1
Tennessee	0/0/0	0/1/0	1/1/0
Texas	0/0/2	0/0/1	0/1/1
<b>TOTALS</b>	<b>0/1/8</b>	<b>2/4/1</b>	<b>8/8/5</b>

**PROJECTED OPENINGS**  
As of December 31, 2006

<b>STATE OR COUNTRY</b>	<b>FRANCHISE AGREEMENTS SIGNED, BUT BUSINESSES NOT OPENED</b>	<b>PROJECTED FRANCHISED NEW BUSINESSES IN THE NEXT FISCAL YEAR*</b>
Arizona	1	1
Colorado	0	0
California	1	2
Florida	1	4
Georgia	0	0
Hawaii	1	0
Illinois	0	0
Kansas	1	1



involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with Us within 10 weeks of the date of this Offering Circular are listed in Exhibit E to this Offering Circular.

### **ITEM 21**

#### **FINANCIAL STATEMENTS**

Attached to the Offering Circular as Exhibit F are Our audited financial statements as of December 31, 2004, 2005 and 2006.

If the audited statements are not within 90 days of this Circular, unaudited balance sheet and statement of our operations will be included that will be within 90 days of the date of this Circular.

### **ITEM 22**

#### **CONTRACTS**

Attached to this Offering Circular are the following:

Exhibit B	Franchise Agreement
Exhibit B-IV	Royalty Fee Addendum To Franchise Agreement
Exhibit B-V	Non-disclosure And Non-competition Agreement
Exhibit B-VI	Conditional Assignment Of Telephone And Directory Listings, Etc.

### **ITEM 23**

#### **RECEIPT**

See Exhibit J.