FRANCHISE DISCLOSURE DOCUMENT

SCHOOL OF ROCK FRANCHISING LLC
(A Pennsylvania Limited Liability Company)
2101 E. El Segundo Blvd., Suite 102
El Segundo, CA 90245
(877) 556-6184
www.SchoolofRock.com
Franchising@SchoolofRock.com

The franchise being offered is to establish and operate a School of Rock business. School of Rock businesses are performance-based music schools with a rock music program.

The total investment necessary to begin operation of a School of Rock business is $136,850 to $339,100. This includes $49,500 to 54,000 that must be paid to us or our affiliate. If you enter into a development agreement for the right to develop multiple School of Rock businesses, you will be required to pay us a development fee equal to $9,900 for each school you plan to develop.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in other formats, please contact Colin Fitzpatrick, 2101 E. El Segundo Blvd., Suite 102, El Segundo, CA 90245, (630) 474-3782.The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as *"A Consumer's Guide to Buying a Franchise,"* which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 6, 2017
(See page iii for state effective dates.)

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN PENNSYLVANIA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE AGAINST US IN PENNSYLVANIA THAN IN YOUR OWN STATE.

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

3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

STATE EFFECTIVE DATES

The following states require that the Franchisee Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Missouri, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
Hawaii	
Illinois	
Indiana	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Utah	
Washington	
Wisconsin	

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EXHIBITS

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language of this Disclosure Document, "we," "us," or "our" refers to School of Rock Franchising LLC, the franchisor. "You" or "your" refers to the franchisee who enters into a School of Rock franchise agreement or development agreement. The franchisee may be a person, corporation, partnership or limited liability company. If the franchisee is a corporation, partnership, limited liability company, or other entity, "you" and "your" do not include the principals of the corporation, partnership, limited liability company, or other entity.

We are a limited liability company, which was originally organized under the laws of Pennsylvania on August 19, 2005 under the name Paul Green School of Rock Music Franchising, LLC. Our principal place of business is 2101 E. El Segundo Blvd., Suite 102, El Segundo, CA 90245. We do business under the name "School of Rock," and under no other names. Our agents for service of process are listed in Exhibit B.

We have been offering franchises of the type being offered in this Disclosure Document since September 2005. We have never offered franchises in any other line of business. We do not engage, and have never engaged, in any business activities or any other line of business other than as described in this Disclosure Document. We have no predecessors.

Our parent and affiliate is School of Rock, LLC, which was originally organized in Delaware on December 17, 2004 under the name Paul Green School of Rock Music, LLC. Its principal place of business is 2101 E. El Segundo Blvd., Suite 102, El Segundo, CA 90245.

School of Rock, LLC has been operating businesses of the type to be conducted by you as described in this Disclosure Document since December 2004. School of Rock, LLC currently owns and operates a total of 15 School of Rock businesses through its wholly-owned subsidiaries. Some of these schools are located in such major market areas as Portland, Seattle, Chicago, and Austin. If you purchase an existing School of Rock business from School of Rock, LLC, you will be required to sign our form of Asset Purchase Agreement, which is attached to this disclosure document as Exhibit L.

School of Rock, LLC has never offered franchises of the type being offered in this Disclosure Document or in any other line of business. School of Rock, LLC sells certain branded merchandise to our franchisees, such as t-shirts, sweat shirts, other clothing and accessories.

On June 26, 2009, School of Rock LLC entered into a Unit Purchase Agreement with Sterling SOR, LLC, a Delaware limited liability company. Sterling SOR, LLC is a subsidiary of Sterling Partners, a private equity firm that owns an interest in approximately 28 other companies. Under the Unit Purchase Agreement, Sterling SOR, LLC acquired a controlling interest in School of Rock, LLC and its affiliates, including us.

The first School of Rock business was opened by the musician Paul Green in Philadelphia, Pennsylvania in 1997. We originally did business under the name "Paul Green School of Rock Music," but, since January 2010, we have conducted business under the name "School of Rock."

Description of the Franchised Business and the System

The Franchised Business. We grant franchises for the establishment and operation of a School of Rock business (the "School") under a franchise agreement (the "Franchise Agreement").

The School is operated under the trade name "School of Rock." In order to become a School of Rock franchisee, you must operate your School in accordance with our standards and specifications, and you must sign a Franchise Agreement. If you are renewing an existing Franchise Agreement for another term, you will sign our current Franchise Agreement and our Renewal Amendment to the Franchise Agreement. Occasionally, School of Rock, LLC offers for sale an existing company-owned School of Rock business. If you are purchasing the assets of an existing School of Rock business, you must also sign our form of Asset Purchase Agreement.

We may also offer you the opportunity to enter into a Development Agreement with us for the right to establish and open additional School of Rock businesses in a specified area ("Development Area"). Under the Development Agreement, we will specify the number of School of Rock businesses you must develop within the Development Area and will establish deadlines by which you must open each school ("Development Schedule"). For each School of Rock business you open under the Development Agreement, you must sign a separate, then-current Franchise Agreement, except that the initial franchise fee, royalty fee, and advertising fee will be the same as described in this Disclosure Document.

The System and Proprietary Marks. We offer a distinctive system (the "System") for the operation of School of Rock businesses, which offer a rock music program that provide, among other things, individual music lessons, group rehearsals, performance experience, exclusive, limited access to the school and school equipment during business hours, and branded merchandise. The School will be operated according to the System. The distinguishing characteristics of the System include a rock music program for children and adults; a method for teaching students through performing in front of a paying audience in a real rock venue; an optional program for providing music instruction to young children under the mark "Little Wing™" (the "Little Wing™ Program"); and regional groups of elite students known as "The School of Rock All-Stars," who are personally chosen and directed by our Music Directors; all of which may be changed, improved and further developed by us periodically.

The School will be operated in accordance with our confidential operating manuals (the "Manuals"), a copy of which will be loaned to you or made available to you through a password protected website. You will also be provided with the right to use certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the marks "School of Rock," "School of Rock Music," "The Rock School Venue," "Little Wing," and the School of Rock logo, as are now designated and may be designated by us in writing for use in connection with the System (collectively, the "Proprietary Marks").

Market and Competition. While we offer a distinctive format and System, the market for music lessons, such as those that will be offered by the School, is developed and competitive. The School will compete with other national and local music schools and independent music teachers that provide music lessons. If you have elected to offer the Little Wing™ Program at the time you sign your Franchise Agreement, your Little Wing™ Program will also compete with local music education providers and national programs. Your ability to compete will depend upon such factors as consumer demand, location, and local economic conditions, as well as your motivation and management of the School.

Industry Specific Laws and Regulations. Your School will be subject to federal, state, and local laws and regulations that are applicable to businesses generally, such as the Americans with Disabilities

Act and the Occupational Safety and Health Act. Your School may also be subject to specific federal, state and local laws and regulations that relate to the particular nature of the business, such as occupancy and zoning codes.

ITEM 2

BUSINESS EXPERIENCE

Dzana Homan
Chief Executive Officer

Ms. Homan became our Chief Executive Officer on June 9, 2014 and is located in El Segundo, California. From December 2010 to March 2014, Ms. Homan served as the Chief Operating Officer of Goddard Systems, Inc. in King of Prussia, Pennsylvania.

Elliot Baldini
Senior Vice President of Marketing

Mr. Baldini has served as Senior Vice President of Marketing since May 2015 and is located in El Segundo, California. From 2012 to 2015, Mr. Baldini held a number of marketing roles at Guitar Center in Westlake Village, California, including: Director, Merchandising from May 2012 to November 2013; Director, Strategic Marketing Initiatives from November 2013 to January 2015; and, Director, CRM and Strategy from February 2015 to April 2015. From June 2011 to May 2012, Mr. Baldini was the Director of Financial Services at Sears Holdings in Chicago, Illinois.

Colin Fitzpatrick
Vice President of Franchise Development

Mr. Fitzpatrick has served as our Vice President of Franchise Development since March 2015 and is located in Austin, Texas. Prior to this, he served as a Director of Franchise Development from January 2011 through February 2015.

Stacey Paez
Vice President of Company School Operations

Mrs. Paez has served as Vice President of Company School Operations since December 2016. Prior to this, Ms. Paez served as our Vice President of Business Development from October 2015 to December 2016. Stacey is located in Northern New Jersey. From February 2015 to October 2015, she served as a Consultant to the company. From January 2013 to January 2015, Stacey served as Manager, Operations Systems at Goddard Systems, Inc. in King of Prussia, Pennsylvania. From April 2010 to October 2012, Stacey served as Operations Manager at Huntington Learning Centers, Inc. in Oradell, New Jersey.

Justin Nihiser
Vice President of Franchise Operations

Mr. Nihiser has served as our Vice President of Franchise Operations since December 2016 and is located in Atlanta, Georgia. Prior to that, he served as the Director of Franchise Development from November 2015 to November 2016 in Atlanta, Georgia. From January 2013 to November 2015, he served as Director of Franchise Operations in Atlanta, Georgia. From December 2007 through December 2012, Mr. Nihiser was a General Manager at our company-owned School of Rock business in Atlanta, Georgia.

Jackie Lanzalone
Franchise Business Consultant

Mrs. Lanzalone joined School of Rock as a Franchise Business Consultant in March 2016 in Newark, Delaware. From December 2014 to March 2016, Mrs. Lanzalone worked as a Regional Sales Executive in the real estate education industry for both The CE Shop and OnCourse Learning, in Newark, Delaware, overseeing 15 states in the Northeast Region. From March 2014 to December 2014, Ms. Lanzalone was an independent consultant in the real estate industry in Newark, Delaware. From April 2002 to February 2014, she worked for RE/MAX, LLC as a Franchise Sales and Development Consultant in Newark, Delaware.

Jill Livick
Franchise Business Consultant

Ms. Livick joined School of Rock in January 2007 as an Executive Assistant to the CEO in Englewood, Cliffs, New Jersey. She has served as a Franchise Business Consultant for the company since March 2017 in Charlotte, NC. Prior to that, she served as a General Manager for a company school from June 2008 to February 2017 in Charlotte, NC. From February 2015 to January 2016, Ms. Livick served as a freelance writer for Crystal Springs Resort in Vernon, New Jersey.

Toby Mechem
Franchise Business Consultant

Mr. Mechem joined School of Rock as a Franchise Business Consultant in April 2015 in St. Louis, Missouri. Prior to that, he served as a District Manager for Mentor, Inc. in St. Louis, Missouri from March 2012 to April 2015. From March 1996 to March 2012, Mr. Mechem served as a District Sales Manager for Baldwin Filters in St. Louis, Missouri.

Kevin Burbine
Franchise Business Consultant

Mr. Burbine has been a Franchise Business Consultant for us in Greenville, South Carolina since March 2017. Prior to that, Mr. Burbine was self-employed in Greenville, South Carolina from October 2016 until March 2017. From October 2016 to March 2017, he served as a soccer coach/business consult for Upstate Happy Feet in Greenville, South Carolina. From July 2005 to October 2016, Mr. Burbine was self-employed in Greensboro, North Carolina.

Sam Dresser
Vice President of Knowledge Management and Engagement

Mr. Dresser has served as our Vice President of Knowledge Management and Engagement since March 2017 and is located in Glen Ellyn, Illinois. Mr. Dresser served as our Senior Director of Information Strategy and Innovation from January 2015 to March 2017. From February 2014 to January 2015 Mr. Dresser was the company's Director of School Information Systems. From September 2013 to February 2014 Mr. Dresser served as a Senior Manager of Information systems for us. From January 2013 to September 2013, he served as Manager of IT Systems Support for us. Prior to joining us, Mr. Dresser was a Lead Genius for Apple, Inc. in Naperville, Illinois from April 2010 to January 2013.

Ken Tomczak
Franchise Development Coordinator

Mr. Tomczak has served as our Franchise Development Coordinator since December 2011 and is located in Denver, Colorado.

Dr. Joseph Roberts
Director

Dr. Roberts was the founding partner and has served as a Director since our inception in August 2005 and is located in Philadelphia, Pennsylvania. He was Chairman of the Board from August 2005 through June 2009. Dr. Roberts has also operated a cosmetic and restorative dental practice in Philadelphia, Pennsylvania since 1985.

David Zucker
Director and Chairman of the Board

Mr. Zucker has served as a Director since January 2011 and as Chairman of the Board since June 2014. He is located in Winnetka, Illinois. Since October 2014, Mr. Zucker has served as Chairman of Neuropath, LLC, based in Atlanta, GA. Since 2015, Mr. Zucker has served as a Director of Built Worlds Media, LLC, based in Chicago, Illinois, and since 2014, he has served as a Director of Luxco, Inc. based in St. Louis, Missouri. He previously served as Chairman of StoreBoard Media, LLC, based in New York, NY from November 2013 to May 2014. Since 2011, Mr. Zucker has served as Chairman and then Director of Petty Holdings, LLC in Concord, North Carolina. From June 2008 to December 2010, he also served as CEO of Petty Holdings, LLC in Concord, North Carolina.

Jeff McClusky
Director

Mr. McClusky has served as a Director since January 2013 and is located in Chicago, Illinois. Since January 1981, he has served as founder and President of Jeff McClusky & Associates in Chicago, Illinois. Mr. McClusky has served as a consultant for Ocean Tomo in Chicago, Illinois since December 2012, and as a National Promotion Advisor for Decca Records/Universal Music Group in New York, New York since October 2012. He also served as a Consultant and Radio Promotion Outsource Director for C3 Artist Management in Austin, Texas and nationally from April 2011 to December 2012.

Merrick Elfman
Director

Mr. Elfman has served as a Director since June 2016. He is located in Glencoe, Illinois. Since May 1987, Mr. Elfman has served as Senior Managing Director of Sterling Partners, based in Chicago, IL. Since June 2016, Mr. Elfman has served as a Director for DriRelease in Chicago, IL. Since July 2016, he has served as a Director for DBi Services in Hazelton, PA. He also served as Chairman of the Board of Atlantic Premium Brands, based in Chicago, IL from 1991 to October 2016. Mr. Elfman served as a Director for Ashworth College in Norcross, GA from January 2009 to July 2013. He also served as a Director for Innotrac in Johns Creek, GA from January 2014 to January 2015.

Chad Kilpatrick
Director

Mr. Kilpatrick has served as a Director since May 2015 and is located in Denver, Colorado. Since August 2016, he has served as Chief Strategy and Financial Officer of SusieCakes Holdings, Inc. From November 2011 to March 2016, he has served as President and CFO of CorePower Yoga.

ITEM 3

LITIGATION

Paul Green School of Rock Music, LLC v. Jim R. Smith, American Arbitration Association, Case No. 14-114-E-00051-08, Philadelphia, PA; filed December 20, 2007. We filed an arbitration with the American Arbitration Association against one of our franchisees alleging that he refused to use a credit card machine and software for transacting business that complies with our standards and specifications, and was underreporting the gross revenues of his franchised business. On February 28, 2008, the respondent filed an answer to the demand for arbitration and counterclaims alleging violation of California Corporation Code, Section 31201 (Making Untrue Statements of Fact), breach of contract, breach of the implied covenant of good faith and fair dealing, and violation of California Business & Professions Code, Sections 17200 et seq. On November 18, 2008, the arbitrator issued an Award in our favor granting us the following relief: (a) the respondent was found to have breached the franchise agreement and the franchise agreement was terminated; (b) the respondent was required to de-identify himself and cease and desist any use of our trademarks or confidential information; (c) the respondent was ordered to pay us $401,748 in damages; (d) the respondent was required to comply with the post-term non-compete in the franchise agreement; (e) the respondent was required to pay all costs associated with the arbitration proceeding; and (f) the respondent's counterclaims were dismissed. This Award was confirmed by the U.S. District Court for the Eastern District of Pennsylvania on February 20, 2009, and judgment was entered against the respondent in California. In January 2011, we reached a settlement with all respondents in the actions described in this Item 3 ("Settlement Agreement"). Under the Settlement Agreement, Rock Nation LLC, John and Cindy Giammarrusco, and Jim Smith agreed to pay us the sum of $504,000; all of the respondents agreed to adhere to certain restrictions in operating competitive businesses; and the parties released one another from all liabilities and to dismiss all pending arbitrations and lawsuits.

Paul Green School of Rock Music, LLC v. Rock Skool, Inc., John Giammarrusco, and Cindy Giammarrusco, American Arbitration Association, Case No. 72-114-Y-693-08, Los Angeles, CA; filed July 3, 2008. We filed an arbitration with the American Arbitration Association against one of our franchisees and its principals alleging that it refused to use a credit card machine and software for transacting business that complies with our standards and specifications, and was underreporting the gross revenues of its franchised business. The arbitration claim was amended to seek damages for an abandonment of the franchise relationship, future lost royalties, and an injunction against operation of a

similar business. The respondents filed an answer to the demand for arbitration and counterclaims totaling $82,000 alleging violation of California Corporation Code, Section 31201 (Making Untrue Statements of Fact), breach of contract, breach of the implied covenant of good faith and fair dealing, and violation of California Business & Professions Code, Sections 17200 et seq. In January 2011, the parties settled all disputes in accordance with the Settlement Agreement described above.

Paul Green School of Rock Music Franchising, LLC v. Rock Nation, LLC, Jim and Trisha Smith Trust 2003, Binh Hoang, and Tony Avalon, United States District Court for the Central District of California, 09-CV-1144 (JCx); filed September 2008. We filed an action against our franchisee, Rock Nation, LLC and certain of its members in the U.S. District Court for the Eastern District of Pennsylvania for violation of trade secrets, trademark infringement and unfair competition. We sought injunctive and monetary relief against the defendants. In November 2008, the defendants' motion to dismiss was denied and the action was transferred to the Central District of California. In December 2009, the case was, by agreement, transferred to arbitration and consolidated with the arbitration against Rock Skool, Inc. and Mr. and Mrs. Giammarrusco discussed above. In January 2011, the parties settled all disputes in accordance with the Settlement Agreement described above.

Other than these three actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

In 2009, our Franchise Business Consultant Kevin Burbine was the President and sole shareholder of Remember Enterprises, Inc., 2924 Battleground Avenue, Greensboro, NC 27408. Remember Enterprises, Inc. filed a bankruptcy petition under Chapter 7 of the U.S. Bankruptcy Code on November 13, 2009. In re Remember Enterprises, Inc., Case No. 2:09-bk-12179 (Bankr. M.D. N.C. 2009). On January 5, 2012, the bankruptcy court case was closed.

Other than this bankruptcy, no other bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay to us a $49,500 lump sum, non-refundable initial franchise fee for a single School of Rock franchise to be operated under an individual Franchise Agreement. You must pay the entire initial franchise fee no later than the date of your signing the Franchise Agreement.

From January 1, 2016 through December 31, 2016, the initial franchise fees paid to us ranged from $24,750 to $49,500.

Development Fee

If you enter into a Development Agreement, you must pay to us a lump sum, non-refundable development fee equal to $9,900 for each school you are granted the right to open under the Development Agreement. You must pay the entire development fee no later than the date of your signing the Development Agreement. The development fee will be credited towards the initial franchise fee due

under each Franchise Agreement you sign on a pro rata basis. The development fee is deemed fully earned and non-refundable when you sign the Development Agreement in consideration of the administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the development rights granted to you. We generally do not offer Development Agreements to first time franchisees.

Other Initial Fees

You must provide us at least 30 days' notice of the date on which you propose to first open the School. If there is a change in the opening date, not caused by us, you must reimburse us for the greater of (a) our actual out-of-pocket costs and expenses incurred by us due to this delay, including travel costs and expenses for our representative(s), or (b) $300 for each additional day that our representative(s) is in your area beyond the scheduled visit as a result of delay in opening the School. These fees are non-refundable.

If you have elected to operate a Little Wing™ Program, you must purchase a Little Wing™ teacher kit ("Teacher Kit"), Little Wing™ marketing materials, and an inventory of Little Wing™ student gig bags ("Gig Bags") from us through our designated vendor. We estimate the total cost of these items to be $4,500. The cost of these items is non-refundable. You may also purchase School of Rock branded merchandise from us before the School opens, but you are not required to have an opening inventory of these products. If you choose to purchase branded merchandise from us, the cost of that merchandise is non-refundable.

ITEM 6

OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty	8% of Gross Sales	10th day of each month	During the term of the Franchise Agreement, you must pay a monthly continuing royalty fee to us in an amount equal to 8% of your Gross Sales for the preceding month. For purposes of calculating this royalty fee, "Gross Sales" means all revenues generated from sales of all products and services conducted at, from or with respect to the School, including Live Performances and Professional Performances (as defined in Section 7.5 of the Franchise Agreement) that are performed, organized, sponsored, hosted or supported by you at the School or elsewhere, whether the sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales does not include the sale of products or services for which refunds have been made in good faith to customers, the sale of equipment or furnishings used in the operation of the School, any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the School.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Brand Fund	3% of Gross Sales	10th day of each month	You must pay to the System's advertising and brand promotion fund (the "Brand Fund") a monthly fee in the amount of 3% of your Gross Sales for the preceding month.
Interest	Interest on overdue payments	As incurred	All required royalty fees and advertising contributions must be paid by the 10th day of each month based on your Gross Sales in the preceding month, and must be submitted to us together with any reports or statements required by the Franchise Agreement. If any payment is overdue, you must pay us immediately upon demand, in addition to the overdue amount, interest on this amount from the date it was due until paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less.
Insurance	Cost of insurance and, if not obtained by you, our procurement expense	As required and as incurred	Before you open your School, you must purchase and maintain at your sole expense at all times during the term of the Franchise Agreement the insurance coverage required by the Franchise Agreement, including comprehensive general liability insurance, property insurance (including fire, vandalism, and malicious mischief insurance for the replacement value of the School and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of the School. If you fail to obtain or maintain the insurance required, we will have the right and authority (but not the obligation) to procure and maintain the required insurance in your name and to charge you for it, which charges, together with a reasonable fee for our expenses in so acting, will be payable by you immediately upon notice.
Inspection/Audit	Cost of audit	As incurred	We and our designated agents have the right at all reasonable times to examine, copy, and/or personally review, at our expense, your books, records, accounts, and tax returns. We have the right at all reasonable times to remove your books, records, accounts and tax returns for copying. We also have the right, at any time, to have an independent audit made of your books and records. If an inspection or audit reveals that any income or sales have not been reported or have been understated in any report to us, then you must pay us the amount underpaid immediately upon demand, in addition to interest from the date the amount was due until paid, at the rate of 18% per annum, or the maximum rate permitted by law, whichever is less, plus all of our costs and expenses in connection with the inspection or audit, including travel costs, lodging and wage expenses, and reasonable accounting and legal fees and costs.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Training Fee	$1,000	As incurred	For the Initial Training Program, we will provide instructors and training materials at no charge to you for up to 4 individuals. You must pay us a training fee of $1,000 for each additional individual that attends the Initial Training Program.
Site Selection (including on-site evaluation)	Amount of expenses	As incurred	Under the Franchise Agreement and Development Agreement, we will conduct, if we deem necessary and appropriate, on-site evaluations of a properly submitted proposed site. For each on-site evaluation (if any), you must reimburse us for all of our reasonable out-of-pocket costs and expenses.
Transfer	One-third of the then-current initial franchise fee	Time of transfer	If there is a transfer under the Franchise Agreement or Development Agreement, you must pay to us a transfer fee in an amount equal to one-third of our then-current initial franchise fee being charged to franchisees at the time of the transfer. However, in the case of a transfer to a corporation or limited liability company formed by you for the convenience of ownership, you will not have to pay a transfer fee.
Renewal	One-third of the then-current initial franchise fee	Time of renewal	If you renew your rights under the Franchise Agreement, you must pay to us a renewal fee in an amount equal to one-third of our then-current initial franchise fee being charged to franchisees at the time of the renewal.
Indemnification	Cost of liability	As incurred	Under the Franchise Agreement and Development Agreement, you must indemnify and hold us, and our officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your operation of the School, as well as the costs, including attorneys' fees, of the indemnified party in defending against them.
Collection Costs and Attorneys' Fees	Cost of collection and attorneys' fees	As incurred	Under the Franchise Agreement, you must pay to us all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorneys' fees, and all other expenses we incur in enforcing any obligation or in defending against any claim, demand, action, or proceeding relating to the Franchise Agreement or Development Agreement, including the obtaining of injunctive relief.
Information Technology Fees	Fixed & Variable	Monthly	You will pay us a monthly technology fee to cover website hosting, e-mail licenses, and certain other technology resources. Currently, the amount of this fee is $260 per month, but the fee may be increased depending on bandwidth or functionality changes in our website, the number of e-mail licenses you require, and changes in our technology vendors or requirements. You will also pay variable monthly fees to third-party providers as described in Item 11.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Licensing Fees	$61 currently	Monthly	We have negotiated and are negotiating license agreements with copyright owners of certain copyrighted music used in the operations of the School and on the premises of the School. You must pay us a monthly Licensing Fee in the amount set forth in the Manuals to cover the cost of these licenses for your School. Currently, the Licensing Fee is $61. However, we reserve the right to increase or decrease the fee as the amount that we pay for the licenses changes, or as we negotiate additional licenses.
Student Gig Bags	$25 each	As needed	You must purchase and maintain an inventory of student Gig Bags to provide to each child enrolled in your Little Wing™ Program if you have elected to offer the Little Wing Program. You will order these through the designated vendor that manages our inventory of these products.

The above table describes other recurring or isolated fees or payments that you must pay to us, or which we impose or collect on behalf of a third party, in whole or in part. Unless otherwise indicated, all of the fees listed are non-refundable, are uniformly imposed, and are imposed by, payable to, and collected by us.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Franchise Agreement)

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial franchise fee[1]	$49,500	Lump sum	At signing of Franchise Agreement	Franchisor
Initial Rent Outlays[2]	$5,000 - $12,500	Lump sum	At signing of lease agreement	Landlord
Site Selection and Leasehold Improvements[3]	$20,000 - $142,000	As arranged	Before opening; as incurred	Contractors / Suppliers
Furnishings and Finishings[4]	$10,000 - $20,000	As arranged	Before opening	Suppliers
Equipment[5]	$15,000 - $22,000	As arranged	Before opening	Franchisor / Suppliers

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Signage[6]	$3,000 - $10,000	As arranged	Before opening	Suppliers
Supplies[7]	$400 - $800	As arranged	Before opening	Suppliers
Pre-Opening Training[8]	$500 - $2,500	As arranged	Before opening	Suppliers
Advertising[9]	$10,000	As arranged	Before opening and within 30 days after opening	Suppliers
Opening Inventory[10]	$2,300 - $3,300	Lump sum; as arranged	Before opening; as incurred	Franchisor / Suppliers
Computer / Software[11]	$1,500 - $2,500	As arranged	Before opening; as incurred	Suppliers
Permits & Licenses[12]	$250 - $1,000	As arranged	As incurred	Government Authorities
Architectural Fees[13]	$2,500 - 10,000	As arranged	As incurred	Supplier
Prepaid Insurance Premiums[14]	$500 - $2,000	As arranged	As incurred	Insurance Broker
Utility Costs & Deposits[15]	$400 - $1,000	As arranged	Before opening; as incurred	Suppliers
Miscellaneous Opening Expenses[16]	$1,000 - $5,000	As arranged	As incurred	Consultants
Additional Funds for 3 months[17]	$15,000 - $45,000	As arranged	As incurred	Suppliers / Employees / Others
TOTAL	**$136,850 - $339,100**			

Except as otherwise described in the notes below, the above table provides an estimate of your initial investment for a new, single School of Rock business and the costs necessary to begin operation of your School. All costs listed in the table are estimates only. Actual costs will vary for each franchisee and each location depending upon a number of factors. All fees and payments described in this Item 7 are non-refundable, unless otherwise stated or permitted by the payee.

NOTES

[1] See Item 5 for a description of the initial franchise fee for franchisees and the development fee for developers. The initial franchise fee is not refundable.

[2] If you do not own or purchase a site for your School, you must lease or acquire a site for your School for the term of the Franchise Agreement. In the event that you lease the premises for the School, we have provided an estimated cost, which estimate includes one month's rent plus one month's rent as security deposit. Your lease must contain certain provisions as required under the Franchise Agreement. We have not provided an estimate of costs incurred for purchasing the premises for the School, as we anticipate you will lease the premises. The School will ideally be located in a freestanding building or flex space (convertible retail, office, or warehouse space) or Class B, C, or D commercial real estate. The approximate size of the premises and the building for your School will likely be a minimum of approximately 2,500 to 3,000 square feet at an approximate cost of $12 to $25 per square foot per year.

[3] You must renovate or construct your School according to our standards and specifications. Depending on the building leased or purchased by you, no renovation or construction may be necessary. The estimate in the table includes the costs of construction and fixtures and assumes that basic plumbing, electricity, and heat or air conditioning exists on the premises. Before you begin any renovation or construction of the School, you must, at your expense, employ a qualified, licensed architect or engineer to prepare preliminary and final architectural drawings and specifications of the Premises in accordance with our standard specifications for a School of Rock business. These preliminary and final drawings and specifications must be submitted to us for our written approval.

[4] This estimate includes the costs of basic furniture that complies with our standards and specifications as well as artwork, lighting, paint, wall coverings, and other decorative items.

[5] This estimate reflects the cost of purchasing the basic equipment necessary to operate your School and incidental office equipment. This estimate includes the cost of music equipment, the "Teacher Kit" and marketing materials for the Little Wing™ Program, your point-of-sale system, office equipment, telephones, file cabinets, postage machines, and other equipment. Note that if you elect to offer the Little Wing™ Program, you must purchase and maintain an inventory of student "Gig Bags" through our designated vendor, and you must provide one to each child enrolled in your Little Wing™ Program. If you offer the Little Wing™ Program at multiple Schools, you will only be required to purchase an opening inventory of Gig Bags in connection with the first School. You must purchase a minimum opening inventory of 18 Gig Bags, and you will purchase additional Gig Bags as needed.

[6] All signage must be approved by us and we will provide specifications for approved signage. The figures in the chart reflect the estimated cost of interior and exterior signage and other signage that meet our standards, specifications and requirements. The cost of signs depends on the size and location of your School, the particular requirements of the landlord, and local and state ordinances and zoning requirements.

[7] You must purchase supplies for the School. This estimate includes the cost of cleaning products and supplies, basic office supplies, and computer supplies.

[8] The estimate in the chart includes training expenses for travel (by car), food, lodging, and payroll expenses of you and your employees who must attend our initial training program before the School actually opens. This does not include the training fee that you must pay for individuals who attend the initial training program beyond the number for which we have agreed to pay. See Item 11.

[9] Beginning 60 days before the grand opening of the School, and within 30 days after the opening, you must spend at least $10,000 on an initial, grand opening advertising, marketing, and promotional program in the form and manner we prescribe. Included in this $10,000 is your obligation to purchase a "Kick It Open Kit" from our designated supplier that includes a number of elements critical to your Grand Opening Marketing campaign. You are also required to spend 3% of your annualized Gross Sales on local advertising during each year of the term of the Franchise Agreement.

[10] You must stock your School with an initial inventory of products, accessories, and supplies as prescribed by us in the Manual or otherwise in writing. We will provide you with a list of equipment needed to open the School in the Manual or otherwise in writing. The above estimated cost covers a supply of inventory for sales for approximately three months. Your cost will be based upon the amount purchased. Your actual amount purchased will depend on your anticipated sales, which will depend on a variety of factors such as the size and location of your School and overall anticipated demand.

[11] This estimate includes the costs of your computer hardware and software.

[12] Before the opening of your School, you must obtain all necessary government approvals, permits and licenses. The above estimate includes building permits, certificates of occupancy and certificates of health.

[13] You must retain a qualified, licensed architect or engineer to prepare preliminary and final architectural drawings and specifications of the premises of your School in accordance with our standard specifications for a School of Rock business.

[14] Before you open your School, you must purchase the insurance coverage required by the Franchise Agreement, and described in Item 6, above. The cost of the business insurance coverage will vary from state to state and will depend on your prior loss experience, if any, and/or the prior loss experience of your insurance carrier in the state or locale in which you operate, and national or local market conditions. We anticipate that you will have to pay your insurance carrier or agent 25% of an annual premium in advance. The estimate provided in the chart is for 25% of an annual premium covering general liability and worker's compensation.

[15] This estimate includes the costs of deposits necessary to begin services for gas, electricity, telephone and water that you will need to operate your School.

[16] This category includes the costs of legal and accounting services as well as office supplies, uniforms, and other expenses typically incurred to begin the operation of any franchise business. These expenses will vary depending on your decisions about how to equip your School within the standards specified by us.

[17] The estimates in the chart are based on the actual opening operating costs of our company-owned School of Rock businesses. The need for additional funds varies, depending on a variety of factors. We estimate the monies described in the chart will be necessary during the first 3 months that your School is open and operating. During the first 3 months of operation, controllable expenses, such as labor, supplies, and direct operating costs, are typically above average for a School of Rock business due to the need for additional staff training to ensure exceptional service and promoting the School. The actual amount of

additional funds you will need will depend on a variety of factors, such as the number of paid employees you hire and their rate of pay, your own management and operational skill, economic conditions and competition.

[18] We do not offer financing for any part of the initial investment. However, in very limited circumstances as described in Item 10, our affiliate, School of Rock, LLC may provide limited financing for franchisees purchasing company-owned locations. The financing may cover all or a portion of the sale price of the assets of the business being purchased. However, School of Rock, LLC will not finance any part of the franchise fee. Financing is provided at 8% interest, over an 84 month term.

YOUR ESTIMATED INITIAL INVESTMENT
(Development Agreement)[1]

TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development fee[2]	$29,700	Lump sum	At signing of Development Agreement	Franchisor

NOTES

[1] The above table provides an estimate of your initial investment for entering into a Development Agreement for the right to establish three School of Rock businesses. To determine the costs of operating each School of Rock business, please refer to the first table in this Item 7.

[2] You will only be required to pay a development fee if you sign a Development Agreement. The development fee will be $9,900 for each school you are granted the right to open under the Development Agreement. The estimate in the table is based on your purchasing the right to open three schools. If you purchase the right to open more than three schools, the development fee will be greater. The development fee will be credited towards the initial franchise fee due under each Franchise Agreement you sign. The development fee is not refundable.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate the School in strict conformity with the methods, standards and specifications as we may periodically prescribe in the Manuals or otherwise in writing; and you must refrain from deviating from these methods, standards and specifications without our prior written consent. We may revise the contents of the Manuals, and you must comply with each new or changed standard and specification. You must at all times insure that your copies of the Manuals are kept current and up to date.

You must adhere to our music program as prescribed in the Manuals and designate at least one Music Director or several Senior Faculty, who must be approved by us and complete, to our satisfaction, a virtual training program. We approve Music Directors or Senior Faculty based on their relevant experience and an individual interview we may conduct with each candidate. You must sell or offer for

sale only those products and services as we have expressly approved for sale in writing; sell or offer for sale all types of products and services we specify, including branded merchandise; refrain from any deviation from our standards and specifications without our prior written consent; and discontinue selling and offering for sale any products or services which we may, in our discretion, disapprove in writing at any time. You must maintain in sufficient supply (as we may prescribe in the Manuals or otherwise in writing), and use at all times, only those products acquired from a supplier or suppliers we designate or approve, and those other products, materials, supplies, paper goods, cleaning products, chemicals, fixtures, furnishings, equipment, and signs, as conform with our standards and specifications.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including music equipment, facsimile machine, telephone(s), computer, printer, and cash register or point-of-sale recording system), décor, and signs as we may reasonably direct periodically; and refrain from installing or permitting to be installed on or about the premises of your School, without our prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications.

All products and services offered or sold at or through the School, and other products, materials, supplies, paper goods, fixtures, furnishings, software, and equipment used in the operation of the School, must meet our then-current standards and specifications, as established in the Manuals or otherwise in writing. You must purchase all products and services for which we have established standards or specifications solely from suppliers that we have approved (which may be us or our affiliates). We (or our affiliate) are currently the only approved supplier for Little Wing™ materials and branded merchandise. We may sell these items through designated vendors. There are no approved suppliers that make payments to us because of transactions with you and other franchises.

In some circumstances, we may designate a sole supplier for certain products, services, or equipment. If we designate a specific supplier for specified products or equipment, you must use that supplier for the specified product or equipment. If we have not designated a specific supplier for certain products or equipment, and you desire to purchase products or equipment from a party other than an approved supplier, you must submit to us a written request to approve the proposed supplier, together with evidence of conformity with our specifications as we may reasonably require. We do not charge a fee for your requests. We will use our best efforts, within 30 days after our receipt of the completed request and completion of the evaluation and testing (if required by us), to notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products of the proposed supplier until our written approval of the proposed supplier is received. We may periodically revoke our approval of particular products or suppliers when we determine, in our sole discretion, that these products or suppliers no longer meet our standards. Upon receipt of written notice of revocation, you must cease to sell any disapproved products and cease to purchase from any disapproved supplier. You must only offer and sell products to retail customers for their use and consumption and not for resale. We grant and revoke approval of suppliers based on their ability to meet our standards and specifications and their ability to support our financial and operational requirements.

We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products and the financial stability of suppliers. We do not have to issue our specifications and standards to franchisees or approved suppliers, nor are criteria for supplier approval made available to franchisees.

The estimated proportion of the cost of goods and services purchased or leased from us, our affiliates, or other approved suppliers to the total cost of purchases and leases required in establishing and operating the franchised business is 5-10%. In 2016, we had revenues of approximately $335,565 from

all required purchases and leases by franchisees of required goods and services, which represents approximately 5.2% of our 2016 total revenues of $6,465,186. In 2016, our parent and affiliate School of Rock, LLC had revenues of $94,859 from required purchases and leases by franchisees of goods and services, entirely from its sales of certain inventory to our franchisees. In 2016, School of Rock, LLC's revenue from franchisee purchases of the inventory only exceeded its costs to procure the inventory by $2,113. The information for School of Rock, LLC is based on its internal financial statements.

We may receive rebates or other discounts from certain suppliers for purchases made by you and other franchisees. We did not receive any payments from suppliers in 2016. We have negotiated special discounted price terms with certain suppliers of music equipment, which you can purchase, at your option, directly from us. We charge franchisees 20% above our cost for all music equipment purchased from us. We do not provide any direct material benefit to franchisees for use of approved suppliers, and you will not receive any direct material benefit for using designated or approved sources. We have negotiated purchase arrangements with suppliers (including price terms) for the benefit of our franchisees. In fiscal year 2016, we negotiated prices on software/IT Systems and licensing fees for the benefit of the entire System. We do not have a purchasing or distribution cooperative related to our franchises. There are currently no approved suppliers in which any of our officers own an interest.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	1.2, 5.1, and 5.3	1.1, 3 and 5.1	11
b. Pre-opening purchases/leases	7.8, 7.10	3.3 and 3.4	5, 6, 7 and 8
c. Site development and other pre-opening requirements	5, 7.9 and Exhibit B	1.1, 3 and 5.1	11
d. Initial and ongoing training	6	Not Applicable	6, 7 and 11
e. Opening	5 and 7.9	3.5	11
f. Fees	4, 7.19, 12.7, and 14.3.10	2 and 7.3.10	5, 6 and 7
g. Compliance with standards and policies/Operating Manuals	7.3 and 9	8.2	8 and 11
h. Trademarks and proprietary information	8 and 10	1.4	13 and 14

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
i. Restrictions on products/services offered	7.2, 7.3, 7.4, 7.5, 7.8, 7.9 and 7.10	Not Applicable	8 and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable	11
k. Territorial development and sales quota	1.3	1	12
l. Ongoing product/service purchases	7.3	Not Applicable	8
m. Maintenance, appearance and remodeling requirements	2.2.2, 7.13 and 7.14	Not Applicable	11
n. Insurance	13	Not Applicable	6 and 7
o. Advertising	12	Not Applicable	6, 7 and 11
p. Indemnification	20.3	10.3	6
q. Owner's participation/management/staffing	7.15 and 17.1	8.1	11 and 15
r. Records/reports	11	Not Applicable	6
s. Inspections/audits	7.11 and 11.5	Not Applicable	6 and 11
t. Transfer	14	7	17
u. Renewal	2.2	Not Applicable	17
v. Post-termination obligations	16	6.3 and 8.5	17
w. Non-competition covenants	17.2 and 17.3	8.4 and 8.5	17
x. Dispute resolution	26	14	17
y. Personal Guaranty	18.2 and Exhibit E	5.2.1.5 and Exhibit E	15

ITEM 10

FINANCING

We do not guarantee your note, lease or other obligations. We do not generally offer direct or indirect financing. However, in very limited circumstances (e.g. a sale to an employee), our affiliate, School of Rock, LLC, has negotiated financing arrangements with franchisees that are purchasing company-owned locations. Neither we, nor our affiliate, have provided financing in any other context.

No offers of financing are guaranteed, and any financing that may be offered is contingent upon meeting School of Rock, LLC's credit standards, and is offered in School of Rock, LLC's sole discretion.

When School of Rock, LLC has offered financing, it has negotiated the amount of financing provided. The financing may cover all or a portion of the sale price of the assets of the business being purchased. However, School of Rock, LLC will not finance any part of the franchise fee. Financing is provided at 8% interest, over an 84 month term. A sample Secured Promissory Note is attached to this Franchise Disclosure Document as Exhibit M. There is no penalty for pre-payment, and School of Rock, LLC requires a first priority security interest in the School and all assets purchased from School of Rock, LLC. School of Rock, LLC reserves the right to require that a person other than the franchisee personally guarantee the debt. School of Rock, LLC does not have a practice or intent to sell, assign or discount to a third party any part of the financing arrangement, but it reserves the right to do so.

If you default under a financing arrangement that School of Rock, LLC has offered, it generally has the right to accelerate the debt and declare the entire amount due and payable with interest, to repossess and liquidate the collateral, terminate the franchise, and any other franchise agreement with us, and to avail itself of any other remedies available to a secured creditor under the law. You may not assert any claims against School of Rock for any action it takes in asserting its rights as a secured creditor. In the event that such action becomes necessary, you will be required to pay all reasonable costs and expenses, including legal fees, incurred by School of Rock, LLC. Except as described in this Item, the secured promissory note does not require you to waive any defenses or other legal rights. Other than the interest you pay, neither we nor School or Rock, LLC receive any consideration if you receive financing from School of Rock, LLC.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Development Agreement

For each School of Rock business developed under the Development Agreement, we will provide you with the following:

1. We will provide such site selection guidelines and consultation as we deem advisable (Development Agreement, Section 5.1.1);

2. We will provide such on-site evaluations as we deem advisable as part of our evaluation of your request for site approval. You will be responsible for our reasonable out-of-pocket costs and expenses (Development Agreement, Section 5.1.2); and

3. We will provide such assistance for lease negotiation as we deem advisable in our sole discretion (Development Agreement, Section 5.1.3).

Franchise Agreement

Before the School opens, we must provide the following to you:

1. We will make available to you our specifications for a prototypical School of Rock business (Franchise Agreement, Section 3.1.1);

2. We will provide initial training for you as described below and your employees (Franchise Agreement, Sections 3.1.2 and 6);

3. We will provide you with on-site supervision and assistance at the times and in the manner as we determine in our sole discretion (Franchise Agreement, Section 3.1.3);

4. We will make available to you advertising and promotional materials at your expense (Franchise Agreement, Sections 3.1.4 and 12);

5. We will make our Manuals available to you through a password protected website (Franchise Agreement, Sections 3.1.5 and 9);

6. We will provide you with a list of equipment that will be needed to open the School and information regarding any discount packages that we may negotiate periodically with suppliers from which you may purchase the equipment (Franchise Agreement, Section 3.1.7).

7. We will provide site selection guidelines and consultation as we deem advisable (Franchise Agreement, Section 3.1.9);

8. We will provide on-site evaluations as we deem advisable as part of our evaluation of your request for site approval. You will be responsible for our reasonable out-of-pocket costs and expenses (Franchise Agreement, Section 3.1.9); and

9. We will provide assistance for lease negotiation as we deem advisable in our sole discretion (Franchise Agreement, Section 3.1.9).

Continuing Obligations

Development Agreement

Under the Development Agreement, we are not obligated to furnish any assistance to you after the opening of each School of Rock business.

Franchise Agreement

After the School opens, we must provide the following to you:

1. We will make available to you advertising and promotional materials at your expense (Franchise Agreement, Sections 3.1.4 and 12);

2. We will provide to you at the time(s) and in the manner determined by us, in our sole discretion, advice, assistance, on-site training, and written materials about operations, services, teaching methods, show selection, music development methods, music venue selections, music venue business

issues, scheduling methods, sales methods, products, and marketing techniques (Franchise Agreement, Section 3.1.6); and

3. We will designate or approve suppliers who will make available to you for sale, products, supplies, materials, and other products and equipment used or offered for sale at the School (Franchise Agreement, Section 7.8).

4. We will maintain and administer a Brand Fund (Franchise Agreement Section 12.4).

The School of Rock All-Stars

We may organize, manage, promote, and arrange for concerts to be performed by national and regional groups of student musicians called "The School of Rock All-Stars." The composition of the School of Rock All-Stars groups and how they operate are set forth in the Manuals and may be changed by us periodically. We have the right to all revenues generated by the School of Rock All-Stars. (Franchise Agreement, Section 3.10.)

Advertising Programs

Advertising. Beginning 60 days before the grand opening of the School, and within 30 days after the grand opening, you must spend at least $10,000 on an initial, grand opening local advertising, marketing, and promotional program in the form and manner prescribed by us in the Manuals or otherwise in writing. (Franchise Agreement, Section 12.1.)

In addition to the grand opening marketing program, during the entire term of the Franchise Agreement, you are required to expend, on an annual basis, an amount equal to 3% of Gross Sales on local marketing, advertising, and promotion as we may, in our sole discretion, direct in the Manuals or otherwise in writing. (Franchise Agreement, Section 12.2.)

All advertising and promotion by you must be in media and of a type and format as we may approve, including television, print media (including yellow pages), radio, and local promotional events, must be conducted in a dignified manner, and must conform to these standards and requirements as we may specify. You must not use any advertising or promotional plans or materials unless and until you have received written approval from us. (Franchise Agreement, Section 12.5.) You must submit to us for our prior approval samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including the Internet) that you wish to use and that we have not prepared or previously approved within the preceding 6 months (except with respect to minimum prices to be charged). You must not use these plans or materials until they have been approved in writing by us. If you do not receive written notice of approval from us within 15 days of the date of our receipt of these samples or materials, we will be deemed to have disapproved them. (Franchise Agreement, Section 12.6.)

We may make available to you periodically, at your expense, approved advertising and promotional materials, including merchandising materials, point-of-purchase materials, and materials for special promotions. (Franchise Agreement, Section 12.5.)

You must list and advertise your School on all major internet search engines (for example, Google Local and CitySearch) as described in the Manuals.

Brand Fund. You must pay to the Brand Fund a monthly fee in the amount of 3% of your Gross Sales for the preceding month. Your contribution to the Brand Fund is in addition to any required

expenditures on local advertising as described above. (Franchise Agreement, Section 12.3.) School of Rock businesses owned and operated by us or our affiliates are not required to contribute to the Brand Fund.

We and our designees will have the sole authority to direct all advertising, marketing, and promotional programs of the Brand Fund and will have sole discretion over all aspects of those programs, including the concepts, materials, and media used and the placement and allocation of them. (Franchise Agreement, Section 12.4.1.) The Brand Fund will be used, in our discretion, to pay for developing and conducting activities that we believe will enhance the goodwill associated with the Proprietary Marks and the image of the System and to pay for the administration of the Brand Fund and its programs. Up to 15% of the total Brand Fund annually may be used to cover our or our designee's costs and overhead for activities reasonably related to the administration of the Brand Fund, including costs and salaries of our or our designee's personnel who perform services for the Brand Fund. The Brand Fund's activities and programs may include, among other things, conducting and preparing advertising, marketing, public relations, customer surveys, and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System, such as preparing and conducting radio, television, print, and Internet-based advertising campaigns; marketing and promoting the School of Rock All-Stars and Live Performances; utilizing social and business networking media sites and other emerging media or promotional tactics; developing, maintaining, and updating our Website on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies; purchasing promotional items; purchasing point-of-purchase materials; providing promotional and other marketing materials and services to the businesses operating under the System; and advertising for the sale of franchises. (Franchise Agreement, Section 12.4.2.) Brand Fund contributions will be used primarily for advertising on the national level as well as for costs associated with promoting the School of Rock All-Stars, its tours, and special events.

During our most recent fiscal year we collected $1,315,379 in Brand Fund fees from franchisees and we contributed an additional $233,380 toward advertising and marketing on behalf of the School of Rock brand. Of the total amount spent on brand advertising and marketing in 2016, we spent 60% on media placement, 16% on production, 8% in other advertising, including an AllStar Tour, and 16% on overhead. In the most recent fiscal year, approximately 32% of all advertising and marketing contributions, and approximately 19% of Brand Fund fees contributed by franchisees, were used for advertising which was principally a solicitation for the sale of additional franchises. We conduct advertising through third party advertising agencies as well as in-house marketing personnel. We are not obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditures or activities of the Brand Fund.

Except as indicated above, we do not receive payment for providing goods or services to the Brand Fund. We will maintain separate bookkeeping accounts for the Brand Fund and may, but will not be required to, cause Brand Fund contributions to be deposited into one or more separate bank accounts. The Brand Fund is not a trust, and we are not a fiduciary or trustee of the Brand Fund or the monies in the Brand Fund. However, we may, in our discretion, separately incorporate the Brand Fund or create a Brand Fund trust, over which we may be the trustee, into which Brand Fund contributions may be deposited. (Franchise Agreement, Section 12.4.3.)

It is anticipated that all contributions to the Brand Fund will be expended for their intended purposes during the fiscal year in which contributions are made. To the extent any contributions are not expended by the end of the fiscal year, they will be expended no later than the end of the taxable year following the year of receipt. (Franchise Agreement, Section 12.4.4.) Although we intend that the Brand Fund will be of perpetual duration, we maintain the right to terminate the Brand Fund. The Brand Fund

may not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions. (Franchise Agreement, Section 12.4.5.) The Brand Fund will not be audited. You will have the right to review an annual accounting of the Brand Fund's expenditures for the prior year upon request.

There is an independent Franchisee Advisory Committee composed of franchisees that has a marketing subcommittee, which makes recommendations to us regarding advertising and marketing policies. The Committee serves an advisory capacity only and does not have operational or decision-making power. We do not have the power to form, change, or dissolve the Committee.

Advertising Cooperative

We have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the School. We will have the power to require the Cooperative to be formed, changed, dissolved, or merged. Company owned locations are not required to join or contribute to advertising Cooperatives. Each Cooperative shall be organized and governed in accordance with written governing documents, which we must approve, and such documents shall control the date of commencement and the operation of the Cooperative. The businesses involved in each Cooperative are responsible for administering the Cooperative. Each School of Rock business participating in the Cooperative will have one vote on any matter requiring member approval, and each Cooperative will have the right to require its members to make contributions to the Cooperative in an amount determined by the Cooperative, up to a maximum of 3% of Gross Sales during any calendar year, unless two-thirds of the members of the Cooperative vote in favor of a greater contribution. Any payments you make to the Cooperative will be credited towards your required local advertising expenditure. If a Cooperative has been established in your area prior to opening the School, you must become a member of the Cooperative no later than 30 days after opening the School. If a Cooperative is established subsequent to your School's opening, you must become a member of the Cooperative when it is required to be formed. If the School is within the territory of more than one Cooperative, you will not be required to be a member of more than one Cooperative within that territory. All Cooperatives will be required to prepare quarterly financial statements. These financial statements will be made available for review by the franchisees that participate in the Cooperative.

Website. We maintain a website at www.SchoolofRock.com ("Franchisor's Website") and have the right to promote on Franchisor's Website the School of Rock and those company-owned and franchise-owned locations as we determine and in the manner we determine in our sole discretion. We have the right to require you to pay us a monthly hosting fee in an amount set forth in the Manuals for the hosting of the School on Franchisor's Website. Hosting fees may change over time if design and content require more bandwidth or functionality. Unless otherwise approved by us in writing, you may not own, establish, or maintain a Website. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including any account, page, or other presence on a social or business networking media site such as Facebook, Twitter, LinkedIn, and on-line blogs and forums. However, we can require you to have one or more references or webpage(s), as designated and approved by us in advance, within Franchisor's Website. We have the right to require that you not have any Website other than the webpage(s), if any, made available on Franchisor's Website. (Franchise Agreement, Section 8.8.)

Computer System

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the School; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (the "Computer System"). (Franchise Agreement, Section 8.4.)

We also have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that you must use in connection with the Computer System, which may include web-based software programs (the "Required Software"), which you must install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. (Franchise Agreement, Section 8.4.)

At our request, you must purchase or lease, and maintain, the Computer System and the Required Software, which are described below. The approximate cost of purchasing the Computer System and Required Software is $1,500 to $2,500. We have the right at any time to remotely retrieve and use this data and information from your Computer System or Required Software that we deem necessary or desirable. There are no restrictions on our right to access this data and information. You must keep your Computer System in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we may reasonably direct periodically in writing, all at your own expense. You must upgrade or update your Computer System and Required Software at your expense as we may require. There is no limitation on how often we may require these upgrades or the cost of these upgrades. Your Computer System must be operational before you open your School. (Franchise Agreement, Section 8.4.)

Your Computer System must be capable of running the Required Software, including bookkeeping, data base functions, scheduling, and basic cash register functions. The Computer System and Required Software will be used to record and account for all revenues, track inventory and sales, schedule students and teachers, schedule rehearsals and meetings, and communicate with parents and teachers. Ongoing maintenance and support for the Required Software will be provided by either us or an approved service provider. We have the right to require you to enroll with our approved service provider. You may have to pay a reasonable fee for these services. (Franchise Agreement, Section 8.4.)

Subject to the above requirements, you may purchase or lease any brand and model of personal computer that will accommodate the Required Software. Currently, the Required Software includes Front Desk. Front Desk is cloud-based and functions as our CRM system and scheduling system. You will pay ongoing fees directly to Front Desk, Inc. at a rate of $150 per month for your use of the Front Desk software. There are several other required software platforms that are provided at a bundled cost. These software programs provide an array of functionality ranging from managing your website and online listings, tools to manage your lead nurturing process, customer feedback, and more. The pass-through cost of these software platforms is $110 per month. In addition, your School of Rock email account and license to our single sign-on platform is provided at a pass-through cost of $8 per month per account. We also require you to use a mass e-mail system for your communication with potential customers. You will pay initial and ongoing fees directly to the provider of the mass e-mail system that you choose. Our recommended vendor charges $24 per month for its services. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, we have the right to establish reasonable new standards for the implementation of technology in the System, and you must abide by them.

Site Selection

Development Agreement

Under the Development Agreement, before your acquisition by lease or purchase of any site for a School of Rock business, you must submit to us, in the form specified by us, a description of the proposed site and such information or materials as we may reasonably require, including a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. We will endeavor to notify you of our approval or rejection of the site, in our sole discretion, within 30 days after receipt of such information and materials from you. No proposed site will be deemed approved unless it has been expressly approved in writing by us. (Development Agreement, Section 3.2.)

Franchise Agreement

You must operate the School only at the location approved by us ("Approved Location"). If you have an Approved Location at the time you sign the Franchise Agreement, you must begin operation of the School within 150 days after the date of the Franchise Agreement. If you do not have an Approved Location when you sign the Franchise Agreement, you must begin operation of the School within 270 days after the date of the Franchise Agreement. (Franchise Agreement, Section 5.3.)

If you do not have an Approved Location when you sign the Franchise Agreement, you must obtain our approval of a proposed site within 60 days of the date of the Franchise Agreement. (Franchise Agreement, Section 5.1.) You must sign a lease or otherwise acquire a site for the Approved Location within 120 days after signing the Franchise Agreement. We have the right to approve the terms of any lease or sublease for the Approved Location. (Franchise Agreement, Section 5.2.) When we review a proposed site, we will consider such factors as zoning and approval from appropriate agencies, noise restrictions, size, layout, and lease terms.

The typical length of time between signing the Franchise Agreement and opening a School of Rock business is 3 to 5 months. The factors that affect this time are your ability to obtain a location of approximately 2,200 to 2,500 square feet of interior space with adequate parking; financing; building permits; approvals required under zoning and local ordinances; your ability to complete the initial required training course to our satisfaction; delayed construction or installation of equipment, fixtures, and signage; delays by the leaseholder in delivering the property; delays caused by weather and natural disasters; and unforeseen delays in the bid process. If we and you cannot agree on a proposed site within 120 days of your signing the Franchise Agreement, then your School will not be opened and you will forfeit your initial franchise fee.

Manuals

You must operate the School in accordance with the standards, methods, policies, and procedures specified in the Manuals that we make available to you through a password protected website. Currently, our "Manuals" include our Operations Manual and our Music Direction Manual. We may revise the contents of the Manuals, and you must comply with each new or changed standard. You must insure that your copy of the Manuals is kept current at all times. (Franchise Agreement, Section 9.) The Tables of Contents for the Manuals is attached to this Disclosure Document as Exhibit C. The total number of pages and the number of pages devoted to each topic are reflected in the Table of Contents.

Training Programs

We offer an initial training program which consists of music direction training curriculum ("Music Direction Training Curriculum"), business operations training curriculum ("Business Operations Training Curriculum"), and Little Wing™ Program curriculum ("Little Wing™ Program Curriculum"), which take place at the times and places that we designate. Before the opening of the School, you and/or your designated music director ("Music Director") or senior faculty ("Senior Faculty") must successfully complete the Music Direction Training Curriculum and, if you choose to offer the Little Wing™ Program, the Little Wing™ Program Curriculum, and you and your designated operations manager ("General Manager") must successfully complete the Business Operations Training Curriculum. (Franchise Agreement, Section 6.1.) The Business Operations Training Curriculum is provided at our training facility during our on-site training program. The Music Direction Training Curriculum and the Little Wing Program Curriculum are provided virtually. The total Training Curriculum consists of approximately 4 days of training as described in the charts below and additional remote training. Your Music Director or Senior Faculty and General Manager must be approved by us. Instructional materials for the initial training program consist of the Manuals, print material, and other information to be distributed.

All training will be conducted by, or under the supervision of, Sam Dresser, Senior Director of Information Strategy and Innovation, and other directors of field operations, General Managers, Music Directors, and Senior Faculty designated by us. Mr. Dresser has with School of Rock since January 2013. Prior to joining us, he was a professional musician in the Chicago area, and a manager and trainer of technical support teams for Apple. Other trainers include Brian Farrell and Tyler Granlund. Brian Farrell joined us in May of 2013 and is currently one of our IT Support Managers. Prior to joining School of Rock Brian owned an IT consulting company and worked for Apple in technical support roles at Apple. Tyler Granlund joined School of Rock in April 2015 as one our IT Support Managers. Before joining us, Tyler worked in technical support and training roles at Apple.

Any person employed by you in the position of Music Director, Senior Faculty, Instructor, Show Director, or General Manager must, within 3 months of their date of hire, complete to our satisfaction the Music Direction Training Curriculum. Any person employed by you in the position of General Manager must, within 3 months of their date of hire, attend and complete to our satisfaction the Business Operations Course. (Franchise Agreement, Section 6.2.) You and all of your employees who complete the Music Direction Training Curriculum or Business Operations Training Curriculum, or who are designated by us periodically, must attend additional courses, seminars and other training programs as we may reasonably require periodically. You may have to pay a fee for these programs. (Franchise Agreement, Section 6.3.).

All training programs that you must attend and which are described in this Item 11 will be held at our designated company-owned School of Rock business ("Training School") in Chicago, IL. However, we may occasionally designate a Training School in closer proximity to your School. Training may also be provided via teleconference or the Internet ("Remote Delivery"). For the Music Direction Training Curriculum and Business Operations Training Curriculum, we will provide instructors and training materials at no charge for up to four individuals. You will be responsible for any and all expenses incurred by you or your employees in connection with attending all training programs, including the costs of transportation, lodging, meals, and wages. (Franchise Agreement, Section 6.4.)

The initial training program includes instruction as outlined in the following chart. Each day will consist of the number of hours of instruction indicated. The order of the training days is subject to change, and the courses may or may not run consecutively, in our sole discretion. Typically, our training

program will be conducted twice a month, but may occur more or less frequently depending on our need to train new franchisees.

TRAINING PROGRAM

Business Operations Training Curriculum

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	TRAINING LOCATION
SoR Sales and Program Overview	12	0	Training School (Chicago, IL)
Enrollment Marketing	1	0	Training School (Chicago, IL)
Membership Management	2	0	Training School (Chicago, IL)
Managing Parent, Student, and Staff Relationships	2	0	Training School (Chicago, IL)
School Administration	2	0	Training School (Chicago, IL)
Financial Forecasting	1	0	Training School (Chicago, IL) or Remote Delivery
School Observation	0	3	Training School (Chicago, IL)
Workshops	1	0	Webinar
IT	4	2	Training School (Chicago, IL) and Webinar
Total Hours	**25**	**5**	

Music Direction Training Curriculum

Music Direction	3	0	Webinar
Music Direction Stand-Alone	6	0	Remote Delivery
Total Hours	**9**	**0**	

Optional Little Wing™ Program Curriculum

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	TRAINING LOCATION
Little Wing	4	0	Webinar
Total Hours	**4**	**0**	

ITEM 12

TERRITORY

Franchise Agreement

You must operate the School only at a location approved by us (the "Approved Location"). You must open the School within 270 days after signing the agreement. You may only relocate the School to a location within your Territory (as described below) which has been approved by us in writing. We have the right, in our sole discretion, to withhold approval of any proposed relocation.

You will be granted an exclusive territory as described in this Item 12 and which will be defined in the Franchise Agreement (the "Territory"). During the term of the Franchise Agreement, we will not establish or operate, or license any other person to establish or operate, a School of Rock business under the System and the Proprietary Marks at any location within your Territory. The size of your Territory could vary depending on the population density of the area surrounding the Approved Location. For example, your Territory could vary in size from a certain number of city blocks in an urban location to a township in a more suburban area. We do not guarantee a minimum size for your Territory. We cannot modify your territorial rights during the term of the Franchise Agreement, but we can modify your Territory upon renewal. Your territorial rights do not depend on the achievement of any specific sales volume, market penetration, or similar conditions.

Regardless of either proximity to your Territory or your School, or any actual or threatened impact on sales of your School, we retain the right, among others, to: (a) use the Proprietary Marks and System in connection with establishing and operating School of Rock businesses at any location outside the Territory; (b) use the Proprietary Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a School of Rock business, including, for example, other permanent or temporary retail locations, kiosks, catalogs, mail order, or the Internet or other electronic means; (c) acquire, establish or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Territory); (d) use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory); (e) use the Proprietary Marks to perform, organize, sponsor, host or support a live performance anywhere in the world (including within the Territory); (f) enter into arrangements with international, national, or regional, franchised or non-franchised chains of day care centers, pre-schools, or other independent facilities or similar parties ("National Accounts") to permit them to offer and sell the Little Wing Program, within or outside the Territory, without any compensation to you; provided, however, that if we enter into any agreement with a National Account to provide products or services under the Little Wing Program at one or more day care centers, pre-schools, or other independent facilities in your Territory, and you have elected to offer the Little Wing™ Program in your Territory, then we reserve the right to require you to offer, and you agree to offer, the Little Wing Program at such facilities on the same terms and conditions (including price terms) as we require, based on our agreement with such National Account; and (g) offer, or allow others to offer, the Little Wing™ Program in your Territory, if you have elected not to offer the Little Wing™ Program.

Any Live Performance that is performed, organized, sponsored, hosted or supported by you under the System or Proprietary Marks must take place within the Territory. If we consent to a Live Performance outside the Territory, you must comply with any restrictions we impose, including your sharing revenue with other franchisees whose School of Rock business is located near the Live Performance.

You may not establish more than one School of Rock business in your Territory without entering into a separate Franchise Agreement. We do not grant under this disclosure document any option, right of first refusal, or similar right to acquire additional franchises other than as described above in this Item 12 under "Development Agreement."

You must offer and sell products only from the School and only in accordance with the requirements of the Franchise Agreement and the procedures set forth in the Manuals. You must offer and sell approved products and services only from the Approved Location, except as authorized by us in writing, and only in accordance with the requirements of the Franchise Agreement and the procedures set forth in the Manuals. You must not offer or sell products or services through any other means or locations. You must only offer or sell products to retail customers for their use and consumption and not for resale.

We and our affiliates may have used other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any franchisee's territory using the Proprietary Marks or marks other than the Proprietary Marks, and we reserve the right to do so at any time. We may, from time to time, allow others to provide the Little Wing™ Program at day care centers, pre-schools, or other independent facilities in your Territory without any compensation to you. You are not restricted from soliciting or accepting orders from consumers outside of your Territory, but you may not make sales within or outside of your Territory using other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing. Neither we nor other franchisees will have to compensate you for soliciting or accepting orders from inside your Territory.

If you fail to achieve minimum sales levels for the Little Wing™ Program, or elect not to offer the Little Wing™ Program, we may terminate your right to offer the Little Wing™ Program in your Territory and we may offer, or allow others to offer and sell the Little Wing™ Program to customers in your Territory.

Neither we nor an affiliate of ours currently operate, franchise, or have present plans to operate or franchise a business under a different trademark that sells goods and services similar to those being offered at the School. However, we have the right, in our sole discretion, to begin operating or franchising such a business in your Territory at any time.

Development Agreement

The Development Agreement assigns you an exclusive Development Area within which you must develop a specified number of School of Rock businesses under a Development Schedule. Each School of Rock business developed under the Development Agreement must be located in the Development Area. The Development Area and the Development Schedule will be identified in an exhibit to the Development Agreement. We must approve the site for each School of Rock business you propose to develop in the Development Area before you sign a lease for the site.

Except as described in the paragraph below, the Development Agreement prohibits us from establishing or operating, or licensing anyone other than you to establish or operate, a School of Rock business under the System and Proprietary Marks at any location in the Development Area during the term of the Development Agreement. However, regardless of either proximity to the Development Area or any School of Rock business or any actual or threatened impact on sales of any School of Rock business, we retain the right, among others, to: (a) use the Proprietary Marks and System in connection with establishing and operating School of Rock businesses at any location outside the Development Area; (b) use the Proprietary Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Development

Area), whether or not you also offer them, through channels of distribution other than a School of Rock business, including, for example, other permanent or temporary retail locations, kiosks, catalogs, mail order, or the Internet or other electronic means; (c) acquire, establish or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Development Area); (d) use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Development Area); (e) use the Proprietary Marks to perform, organize, sponsor, host or support a live performance anywhere in the world (including within the Development Area); (f) enter into arrangements with international, national, or regional, franchised or non-franchised chains of day care centers, pre-schools, or other independent facilities or similar parties ("National Accounts") to permit them to offer and sell the Little Wing Program, within or outside the Development Area, without any compensation to you; provided, however, that if we enter into any agreement with a National Account to provide products or services under the Little Wing Program at one or more day care centers, pre-schools, or other independent facilities in the Development Area, and you have elected to offer the Little Wing™ Program in a Territory that includes such facility, then we reserve the right to require you to offer, and you agree to offer, the Little Wing Program at such facilities on the same terms and conditions (including price terms) as we require, based on our agreement with such National Account; and (g) offer, or allow others to offer, the Little Wing™ Program anywhere in your Development Area, except as otherwise provided by any Franchise Agreement you have with us. Neither we nor other franchisees will have to compensate you for soliciting or accepting orders from inside your Development Area.

Unless sooner terminated in accordance with the terms of the Development Agreement, the Development Agreement will expire on the earlier of the last date specified in the Development Schedule or the date when you have open and in operation all of the School of Rock businesses required by the Development Schedule. We may establish or license someone other than you to establish a School of Rock business in the Development Area after your completion of the Development Schedule, subject to the territorial protections provided under the Franchise Agreements you sign during the term of the Development Agreement, as described in this Item, below. If you fail to develop the number of School of Rock businesses in the time-frame established by the Development Schedule, we have the right to terminate the Development Agreement without an opportunity to cure, to terminate or limit the territorial protection granted under the Development Agreement, to reduce the number of School of Rock businesses that you may develop, to terminate the credit granted to you under the Development Agreement, to withhold evaluation or approval of site proposal packages and refuse to approve the opening of any School of Rock business, and to accelerate the Development Schedule.

ITEM 13

TRADEMARKS

Development Agreement

The Development Agreement does not grant you any right to use or license others to use the Proprietary Marks.

Franchise Agreement

You will be granted the right, and undertake the obligation, under the terms of the Franchise Agreement, to establish and operate a School of Rock business under the Proprietary Marks and the System, including the mark "School of Rock," and other trademarks, trade names, and service marks as we may designate as part of the System.

The following trademarks have been registered on the Principal Register or are the subject of pending applications at the U.S. Patent and Trademark Office ("USPTO"):

Mark	Registration/Application Number	Registration/Filing Date
SCHOOL OF ROCK	3963931	May 24, 2011
SCHOOL OF ROCK	4328516	April 30, 2013
SCHOOL OF ROCK	4368744	July 16, 2013
SCHOOL OF ROCK MUSIC FESTIVAL	3703875	November 3, 2009
SCHOOL OF ROCK MAGAZINE	Pending App. No. 86/824,901	November 18, 2015
INSPIRING KIDS TO ROCK ON STAGE AND IN LIFE	4094238	January 31, 2012
SCHOOL OF ROCK & Design	4218179	October 2, 2012
SCHOOL OF ROCK & Design	4358294	June 25, 2013
SCHOOL OF ROCK & Design	4172063	July 10, 2012
SCHOOL OF ROCK & Design	4218180	October 2, 2012
SCHOOL OF ROCK & Design	4158196	June 12, 2012
LITTLE WING	4478572	February 4, 2014
LITTLE WING	4478573	February 4, 2014
LITTLE WING	4488981	February 25, 2014
LITTLE WING	4492633	March 4, 2014
LITTLE WING	Pending App. No. 86/752,139	Filing Date September 9, 2015

Mark	Registration/Application Number	Registration/Filing Date
LITTLE WING & Design 	4478602	February 4, 2014
LITTLE WING & Design 	4489002	February 25, 2014
LITTLE WING & Design 	4489001	February 25, 2014
LITTLE WING & Design 	4478603	February 4, 2014
LITTLE WING & Design 	4492634	March 4, 2014
LITTLE WING & Design 	Pending App. No. 86/752,141	Filing Date September 9, 2015
	4365497	July 9, 2013
SONGFIRST	5137924	February 7, 2017
SCHOOL OF ROCK ROOKIES	5112360	January 3, 2017

Mark	Registration/Application Number	Registration/Filing Date
SCHOOL OF ROCK ROOKIES & Design 	5112361	January 3, 2017

School of Rock, LLC owns the Proprietary Marks, including the marks listed in the table above, and has licensed to us the right to use the Proprietary Marks, and to sublicense them to our franchisees, under a license agreement between School of Rock, LLC and us, dated April 18, 2006. The term of the license agreement is indefinite, but either we or School of Rock, LLC may terminate the license agreement with or without cause on 30 days written notice. In the event of termination, School of Rock, LLC will assume all of our rights and obligations regarding the Proprietary Marks under any franchise agreements then in effect. Except for the license from School of Rock, LLC to us with respect to the Proprietary Marks, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to the franchise.

All required affidavits pertaining to these registrations have been filed or will be filed by the deadlines for active Proprietary Marks above. School of Rock, LLC reserves the right in its sole discretion to cease use of any trademark. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending infringement, opposition, or cancellation proceedings involving the Proprietary Marks. There are no pending material federal or state court litigation regarding our use or ownership rights in any of the Proprietary Marks.

School of Rock, LLC has filed trademark applications for all of the marks designated as "Pending" in the chart above (collectively, the "Pending Marks"). However, School of Rock, LLC does not yet have federal registrations for the Pending Marks. Therefore, the Pending Marks do not have many legal benefits and rights as federally registered trademarks. If our, or School of Rock, LLC's, right to use the Pending Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

School of Rock, LLC has entered into a co-existence agreement with Experience Hendrix, L.L.C. dated January 31, 2013 and relating to each parties' registration of marks incorporating the term LITTLE WING. Pursuant to the agreement, School of Rock, LLC has agreed not to use any marks incorporating the term LITTLE WING in connection with the legacy, music, name, image, likeness or references of or to Jimi Hendrix, Experience Hendrix, L.L.C., or the Jimi Hendrix family, without the consent of Experience Hendrix, L.L.C., and agreed not to contest Experience Hendrix, L.L.C.'s registration of marks incorporating the term LITTLE WING in connection with the ownership and use of music and marks from the estate of Jimi Hendrix. In addition, both parties agree to take any necessary steps to ensure that

there is no confusion between the LITTLE WING marks registered by School of Rock, LLC and the LITTLE WING marks registered by Experience Hendrix, L.L.C. We do not expect these limitations to materially affect your Little Wing program. The co-existence agreement does not expire, and it may only be amended in a writing signed by all of the parties.

We are not aware of any infringing uses that could materially affect your use or ownership rights in the Proprietary Marks or our rights in the Proprietary Marks in any state.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlements. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks in accordance with the terms and conditions of the Franchise Agreement. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of your defense, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you must sign all documents and do all acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs.

We reserve the right, at our sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks for use in identifying the System and the businesses operating under these marks. You must comply with any changes, revisions and/or substitutions at your sole cost and expense. We will provide to you, at no cost, templates for new stationary and advertising materials.

ITEM 14

PATENTS, COPYRIGHTS AND OTHER PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any patents or registered copyrights that are material to the franchise. However, you may be granted a limited license regarding copyrighted music owned by third parties in the operations of your School (the "Copyrighted Materials"). We have negotiated and are negotiating license agreements on behalf of our franchisees for certain rights to perform certain Copyrighted Materials (the "Licensed Materials") in the operation of School of Rock businesses.

School of Rock, LLC has entered into a license agreement with the American Society of Composer, Authors, and Publishers ("ASCAP"), dated June 12, 2012, and renewing annually, which allows the company-owned and franchised Schools to perform copyrighted musical compositions written or published by ASCAP members, at the Schools or in student recitals. The agreement may be terminated by either party at the end of each annual term, and by ASCAP for our breach. A portion of the Music License Fee described in Item 6 is used to pay for this license, and other licenses.

School of Rock, LLC has entered into a license agreement with SESAC, LLC ("SESAC"), dated July 1, 2012, and renewing annually, which allows the company-owned and franchised Schools to perform copyrighted musical compositions, the performance rights to which are owned or controlled by SESAC, at the Schools or in student performances. The agreement may be terminated by either party at the end of each annual term, and by SESAC for our breach. A portion of the Music License Fee described in Item 6 is used to pay for this license, and other licenses.

School of Rock, LLC has entered into a license agreement with Broadcast Music, Inc. ("BMI"), commencing July 1, 2014, and renewing annually, which allows the company-owned and franchised Schools to perform copyrighted musical compositions, the performance rights to which are owned or controlled by BMI, at the Schools or in student performances. The agreement may be terminated by either party at the end of each annual term, by us if we stop offering public performances of music licensed by BMI upon sixty (60) days' notice to BMI, and by BMI for our breach. A portion of the Music License Fee described in Item 6 is used to pay for this license, and other licenses.

We will communicate to you in the Manuals or otherwise in writing from time to time the details of licensing arrangements we have made for any Licensed Materials. Our license agreements will not cover all Copyrighted Materials or all potential uses of Licensed Materials. You are responsible for operating your School, and requiring your students to play, perform, or otherwise use any Copyrighted Materials in full accordance with the copyrights for the Copyrighted Materials, in full accordance with the terms of any license agreements we negotiate, and in full compliance with the law.

You must promptly notify us of any claim against you arising from your use of the Licensed Materials. We have the right, but not the obligation, to direct and control any administrative proceeding or litigation involving the Licensed Materials. If we determine that you have not used the Licensed Materials in accordance with the copyrights and any license agreements we have negotiated, you must indemnify us for any costs and expenses (including legal fees) that we incur. We are not required to indemnify you for any claims arising out of your use of any Copyrighted Materials.

Confidential Operating Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate your School in accordance with the standards, methods, policies, and procedures specified in the Manuals. Upon your completion of our initial training program to our satisfaction, we will loan you one copy of the Manuals, or make it available to you through a password protected website, for the term of your Franchise Agreement.

You must treat the Manuals, any other Manuals created for or approved for use in the operation of the School, and the information contained in the Manuals, as confidential, and you 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 the same available to any unauthorized person. The Manuals will remain our sole property and must be kept in a secure place at the School.

We may revise the contents of the Manuals at any time, and you must comply with each new or changed standard. You must ensure that the Manuals is kept current at all times. In the event of any dispute as to the contents of the Manuals, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information

You must not, during the term of the Franchise Agreement or after its term, communicate, divulge, or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised under the Franchise Agreement, including, the Manuals, curricula, customer lists and information, and teaching methods and materials, including both paper and electronic spreadsheets, or advertising which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it in order to operate the School. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

During the term of your Franchise Agreement, you (or, if you are a corporation, partnership or limited liability company, at least one of your owners), or a General Manager designated by you, must devote full time and best efforts to the management and operation of the School. This individual must take an active role in the operation of the School and be on the premises operating the School during peak hours of operation. We have the right to approve your Music Director and/or Senior Faculty and your General Manager (if not an owner) based on our review of their relevant experience and qualifications. You, your Music Director, your Senior Faculty (if any), and your General Manager must all attend and successfully complete our initial training program as described in Item 11.

The School must at all times be under the direct, on-premises supervision of an individual who has successfully completed the initial training program required under the Franchise Agreement or as otherwise specified by us in writing. You must maintain a competent, conscientious, trained staff, including a Music Director who has successfully completed the virtual initial training program and any additional training as we may specify in writing. You must take those steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet our minimum standards, including attire as we reasonably require; as we may establish periodically in the Manuals. You must conduct a reasonable background check of all employees before hiring at your cost. You and your employees must handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from our name and goodwill. You will be solely responsible for all employment decisions and functions of the School, including those related to hiring, firing, training, wage and hour requirements, record-keeping, supervision, and discipline of employees.

If you are a corporation, partnership, limited liability company or other legal entity, then all of your owners and their spouses must sign a personal guaranty in the form attached as Exhibit E to both the Franchise Agreement and Development Agreement. This personal guaranty makes your owners and their spouses jointly and severally liable for the obligations of the franchisee and binds them to the confidentiality and non-competition provisions of the agreement.

The spouses and immediate family members of your owners will be bound by the non-competition provisions in the Franchise Agreement and Development Agreement. In addition, at our request, your Music Director, Senior Faculty, General Manager, and other employees having access to any of our Confidential Information must sign a confidentiality and non-competition agreement in the

form attached as Exhibit D to both the Franchise Agreement and Development Agreement as a condition of their employment or hire.

As security for the payment of all amounts owed by you to us or our affiliates under the Franchise Agreement, and performance of all other obligations to be performed by you, you must grant to us a security interest in all of the assets of your School of Rock business, including all equipment, furniture, fixtures, and building and road signs used in the operation of the School, as well as all proceeds from those assets.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must (1) sell or offer for sale only those products, merchandise, and services as we have expressly approved for sale in writing; (2) sell or offer for sale all types of products, merchandise, and services we specify; (3) refrain from any deviation from our standards and specifications without our prior written consent; and (4) discontinue selling and offering for sale any products, merchandise, and services which we may, in our discretion, disapprove in writing at any time. You must sell all products and merchandise at retail and not sell these products and merchandise at wholesale or for re-sale. All products and merchandise sold or offered for sale at the School must meet our then-current standards and specifications, as established in the Manuals or otherwise in writing. See Item 8. The Franchise Agreement does not limit our right to make changes in the types of authorized products, merchandise, and services.

The Franchise Agreement does not limit our right to make changes in the types of authorized products, merchandise, and services. We have the right to establish minimum and maximum prices for the products and services you offer and sell. You must strictly adhere to the prices we establish. We retain the right to modify the prices from time-to-time in our reasonable discretion. You must comply with all of our policies regarding advertising and promotion, including the use and acceptance of coupons. We do not limit your access to customers.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Franchise Agreement

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the Franchise Term	Section 2.1	10 years from the date of the Franchise Agreement.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
b. Renewal or Extension of the Term	Section 2.2	If you satisfy all of the requirements of the Franchise Agreement, you can acquire a total of three successor franchises for consecutive terms of 5 years each.
c. Requirements for Franchisee to Renew or Extend	Section 2.2	Give timely notice; renovate physical premises; not be in default (or have been in default); have satisfied all monetary obligations; have right to possess premises; sign then-current franchise agreement, which may contain materially different terms and conditions than your initial Franchise Agreement; sign a general release; comply with training requirements; pay a renewal fee of one-third of the then-current initial franchise fee; be current on all obligations to your landlord, suppliers, and others with whom you do business.
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor Without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor With Cause	Section 15	We have the right to terminate with cause.
g. "Cause" Defined – Curable Defaults	Section 15.3	You have 30 days to cure: non-compliance with the Franchise Agreement (except those defaults listed in (h) below); non-payment of monies; non-submission of reports; failure to maintain prescribed specifications, standards, or procedures; failure to obtain our prior written approval or consent; actions inconsistent with or contrary to your lease; failure to maintain product and service quality; using confusingly similar names or marks; failure to comply with all applicable laws, rules, and regulations; and others.
h. "Cause" Defined – Non-Curable Defaults	Sections 15.1, 15.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure, or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open for business; failure to complete training; abandonment; loss of premises; conviction of a crime; health or safety violations; unapproved transfers; approved transfer not timely effected; failure to comply with covenants; unauthorized disclosure of confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure a default; repeated defaults even if cured; any default under any agreement between you and us that would permit us to terminate that agreement; and others.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Franchisee's Obligations on Termination/Non-Renewal	Section 16	Obligations include: cease operations of the School; de-identification; assignment of right to possess premises; payment of amounts due to us and our affiliates; return the Manuals and all other confidential information; sell to us products, furnishings, equipment, signs, fixtures, stationery, forms, packaging, and advertising materials at our option; compliance with post-termination non-competition agreement; and others.
j. Assignment of Contract by Franchisor	Section 14.1	No restriction on our right to transfer or assign the Franchise Agreement.
k. "Transfer" by Franchisee – Defined	Section 14.2	Includes transfer of Franchise Agreement, any direct or indirect interest in the Franchisee (if a corporation or partnership), or all or substantially all of the assets of the School.
l. Franchisor Approval of Transfer by Franchisee	Sections 14.2, 14.3	All transfers require our prior written consent, which will not be unreasonably withheld, and we have a right of first refusal to acquire any proposed transfer of interest.
m. Conditions for Franchisor Approval of Transfer	Section 14.3	Conditions of approval include: timely written notification to us of the proposed transfer; our prior written consent; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with us or our affiliates; transferor signs a general release; transferee enters into a written assignment and guaranty, if applicable; transferee meets our qualifications; transferee signs our then-current form of franchise agreement; you remain liable for all of the obligations to us that arose before the transfer and which extend beyond the term of the Franchise Agreement, and you sign all instruments which we reasonably request to evidence this liability; transferee completes all required training programs; you pay a transfer fee; transfer would not lead to an impermissible concentration of Schools in a particular franchisee or owner that may, in our business judgment, be detrimental to the School of Rock franchise system; and others.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 14.5	We have a right of first refusal for any proposed transfer of interest.
o. Franchisor's Option to Purchase Franchisee's Business	Sections 16.4, 16.9	Upon termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase your equipment, signs, and fixtures at fair market value or at your depreciated book value, whichever is less; we also have the option to have you assign your lease to us.
p. Death or Disability of Franchisee	Section 14.6	Upon the death or mental incapacity of any person holding any interest in the Franchise Agreement, in Franchisee, or in all or substantially all of the assets of the School, an approved transfer must occur within 6 months.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
q. Non-Competition Covenants During the Term of the Franchise	Section 17.2	During the term of the Franchise Agreement, you may not own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in any business that is substantially similar to the School or offers or sells substantially similar services as the School.
r. Non-Competition Covenants After the Franchise Is Terminated or Expires	Section 17.3	For 2 years after termination or expiration of the Franchise Agreement, you may not own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in any business which (1) is substantially similar to the School or sells substantially similar services as the School, and (2) is located within your Territory, within 10 miles of the Approved Location, or within 10 miles of any business operating under the System and the Proprietary Marks.
s. Modification of the Agreement	Section 24	All amendments, changes, or variances from the Franchise Agreement must be in writing.
t. Integration / Merger Clause	Section 24	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Sections 26.2	Most disputes and claims relating to the Franchise Agreement will be settled by arbitration under the rules of the American Arbitration Association.
v. Choice of Forum	Sections 26.2, 26.3	Arbitration must be held in Philadelphia, Pennsylvania. Any litigation against us must be brought in the U.S. District Court for the Eastern District of Pennsylvania, subject to state law.
w. Choice of Law	Section 26.1	All disputes will be governed by the laws of Pennsylvania, subject to state law.

Development Agreement

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the Term	Section 4.1	The earlier of (1) the last date specified in the Development Schedule; or (2) the date when you have open and in operation all of the School of Rock businesses required by the Development Schedule.
b. Renewal or Extension of the Term	Not Applicable	Not Applicable

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
c. Requirements for Franchisee to Renew or Extend	Not Applicable	Not Applicable
d. Termination by Franchisee	Not Applicable	Not Applicable
e. Termination by Franchisor Without Cause	Not Applicable	Not Applicable
f. Termination by Franchisor With Cause	Section 6	We have the right to terminate with cause.
g. "Cause" Defined – Curable Defaults	Section 6.2	Curable defaults include: failure to promptly provide us with any documents required under the Development Agreement; failure to comply with all federal, state, and local laws, rules, and regulations; and failure to provide us with any records or reports required under the Development Agreement. You will have 30 days to cure these defaults.
h. "Cause" Defined – Non-Curable Defaults	Section 6.1, 6.3	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure or other similar filings or proceedings; final or unsatisfied judgments; your non-compliance with the Development Agreement, Franchise Agreement or any other agreement with us or our affiliates; transfer or attempted transfer in violation of the Development Agreement; and others.
i. Franchisee's Obligations on Termination/Non-Renewal	Section 6.4	Obligations include: loss of rights granted under the Development Agreement; and others.
j. Assignment of Contract by Franchisor	Section 7.1	No restriction on our right to transfer or assign Development Agreement.
k. "Transfer" by Franchisee – Defined	Section 7.2	Includes transfer of the Development Agreement, any direct or indirect interest in the Developer, or all or substantially all of the assets of the School of Rock businesses developed under the Development Agreement.
l. Franchisor Approval of Transfer by Franchisee	Section 7.2	All transfers require our prior written consent, which will not be unreasonably withheld.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
m. Conditions for Franchisor Approval of Transfer	Section 7.3	Conditions include: your monetary and other obligations have been satisfied; you are not in default of any material provisions of the Development Agreement; transferee enters into a written assignment assuming to discharge all of your obligations; transferee meets our qualifications; transferee signs a new Development Agreement; each School of Rock business opened under the Development Agreement is in full compliance with the applicable Franchise Agreement; you remain liable for all obligations of your business before the date of transfer; transferor signs a general release; you pay a transfer fee; you first offer to sell that interest to us; transfer would not lead to an impermissible concentration of Schools in a particular franchisee or owner that may, in our business judgment, be detrimental to the School of Rock franchise system; and others.
n. Franchisor's Right of First Refusal to Acquire Franchisee's Business	Section 7.5	We have a right of first refusal for any proposed transfer of interest.
o. Franchisor's Option to Purchase Franchisee's Business	Not Applicable	Not Applicable
p. Death or Disability of Franchisee	Section 7.6	Upon the death or mental incapacity of any person holding any interest in the Development Agreement, in Developer, or in all or substantially all of the assets of the Developer, an approved transfer must occur within 6 months.
q. Non-Competition Covenants During the Term of the Franchise	Section 8.4	During the term of the Development Agreement, you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which is substantially similar to a School of Rock business or offers or sells substantially similar services as a School of Rock business.
r. Non-Competition Covenants After the Franchise Is Terminated or Expires	Section 8.5	For 2 years after termination or expiration of the Development Agreement, you may not own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which (1) is substantially similar to a School of Rock business or offers or sells substantially similar services as a School of Rock business, and (2) is located within the Development Area, within 10 miles of the Development Area, or within 10 miles of any School of Rock business.
s. Modification of the Agreement	Section 13	All amendments, changes, or variances from the Development Agreement must be in writing.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
t. Integration / Merger Clause	Section 13	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Development Agreement may not be enforceable.
u. Dispute Resolution by Arbitration or Mediation	Sections 14.2	Most disputes and claims relating to the Development Agreement are subject to arbitration.
v. Choice of Forum	Sections 14.2, 14.3	Arbitration must be held in Philadelphia, Pennsylvania (or the city closest to our corporate headquarters at the time of filing). Any litigation against us must be brought in the U.S. District Court for the Eastern District of Pennsylvania, subject to state law
w. Choice of Law	Section 14.1	All disputes will be governed by the laws of Pennsylvania, subject to state law.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

A new franchisee's individual financial results are likely to differ from the results stated in the financial performance representation. Your gross revenue will be impacted by your operational ability, which may include your experience managing a business, your capital and financing and the continual training of you and your staff, customer service orientation, music program quality, your business plan, and use of professional experts. Your gross revenue may be impacted by a number of factors includes location and site selection, household income, population, parking, visibility of your sign, physical condition, competition, seasonal and economic conditions and inclement weather.

The Gross Revenue and student enrollment information contained in this Item 19 is based on company-owned and franchised School of Rock businesses that were open for at least 12 months. Some School of Rock businesses have achieved these results. Your individual results may differ. There is no assurance that you will achieve the same results.

We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise. We also encourage you to contact existing franchisees to discuss their experiences with the system and their franchise business. Notwithstanding the information set forth in this financial performance representation, existing franchisees of ours are your best source of information about franchise operations.

Historical Financial Performance Representations

Tables 1 through 3 below provide the average annual Gross Sales (as defined below) for 15 company-owned School of Rock businesses and 144 franchised School of Rock businesses in 2016 (the "Designated Schools"). "Company-owned" refers to the School of Rock businesses owned and operated by our affiliate, School of Rock, LLC. The Designated Schools only include those Company-owned and franchised School of Rock businesses that were open during the 12-month period from January 1, 2016 to December 31, 2016. We acquired one franchised School of Rock business during this 12-month period, but it is not included as part of the Designated Schools. The Designated Schools all operate under the name "School of Rock" and conduct a business similar to the type of business that you will operate. As used in this Item 19, the following definitions apply:

Admin Labor – Admin Labor includes wages, taxes, benefits and other employee expenses paid to employees of the Company-owned School that are not directly related to the teaching of the students, which are included in cost of sales or management labor which is included in management labor.

Cost of Sales - Cost of Sales is an amount that reflects the direct costs of the Company-owned School to deliver the services to customers. It includes but not limited to the cost of teacher wages, teacher wages' payroll taxes, merchant processing, show productions costs, tour expenses, music supplies, merchandise costs and other program expenses.

Gross Profit - Gross Profit is Gross Sales minus Cost of Sales.

Gross Sales – Gross Sales means all revenue generated at, from or in connection with the operation of the School, including from sales of all products and services conducted at, from or with respect to the Designated School. Gross Sales does not include the sale of products or services for which refunds have been made in good faith to customers, discounts, the sale of equipment or furnishings used in the operation of the School, or any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. We include gift certificate, gift card or similar program payments in Gross Sales when the gift certificate, gift card, other instrument or applicable credit is redeemed. Student enrollment figures are based on the total number of enrolled students from January 1, 2016 to December 31, 2016, respectively.

Management Labor – Management Labor includes wages, taxes, benefits, profit share and other employee expenses paid to the general manager employee of the Company-owned School.

Net Operating Income - Gross Profit minus Total Expenses. This does not include taxes or depreciation.

Operating Expenses - Operating expenses include the day-to-day costs in conducting the normal business operations for the Company-owned School.

Other Expenses - Other Expenses include but is not limited to the utilities, brand fund

contributions, local marketing and advertising, insurance, licenses, permits, repairs, IT costs and software, professional fees and other additional expenses. Other Expenses does not include royalty fees that you would be required to pay as a franchisee.

Rent - Rent includes the Company-owned Schools base rent, extra lease charges, such as common area maintenance (CAM) charges, real estate taxes, deferred rent, and related real estate charges.

Total Expenses - The total of Admin Labor, Management Labor, Rent and Other Expenses.

Table 1

Annual Gross Sales and Average Student Enrollment

The table below provides the average student enrollment at each of the Designated Schools as of January 1, 2016 and December 31, 2016. We also provide the average percentage increase in enrollment during that time period.

Type of Business	Average Annual Gross Sales (2016)	Average Student Enrollment as of January 1, 2016	Average Student Enrollment as of December 31, 2016	Percentage Increase in Total Enrollment from January 1, 2016 to December 31, 2016
Company-owned	$513,260	162	166	2%
Franchised	$373,188	111	128	15%

The number of Company-owned Designated Schools that attained or exceeded the average annual Gross Sales figure for 2016 was 4 (27%). The number of Company-owned Designated Schools that attained or exceeded the average student enrollment figure as of January 1, 2016 was 6 (40%) and as of December 31, 2016, 5 (33%). The number of Company-owned Designated Schools that attained or exceeded the average percentage increase in total enrollment in 2016 was 7 (47%) (6 of the Company-owned Designated Schools had a decrease in total enrollment in 2016).

The number of franchised Designated Schools that attained or exceeded the average annual Gross Sales figure for 2016 was 57 (40%). The number of franchised Designated Schools that attained or exceeded the average student enrollment figure as of January 1, 2016 was 67 (47%) and as of December 31, 2016 was 59 (41%). The number of franchised Designated Schools that attained or exceeded the average percentage increase in total enrollment in 2016 was 60 (42%). (33 of the franchised Designated Schools had a decrease in total enrollment in 2016).

Table 2

Gross Sales of Schools In Operation For All 12 Months of 2016
By Sales Range - Systemwide - Schools

The table below provides Gross Sales range for the Designated Schools from January 1, 2016 to December 31, 2016. This table only presents schools that were open the full year of 2016.

Gross Sales Range	Low	High	Total Number of Schools	Number of Company-owned Schools	Number of Franchise Schools
1	$475,000	and up	41	4	37
2	$375,000	$474,999	28	8	20
3	$275,000	$374,999	33	3	30
4	$175,000	$274,999	41	0	41
5	up to	$174,999	16	0	16

Table 3

Average Gross Sales and Net Operating Income as a % of Average
Gross Sales of Company-owned Schools in Operation for All 12 Months of 2016

The table below provides financial information from January 1, 2016 to December 31, 2016 for the 15 Company-owned Schools operating that were operating throughout 2016. This table does not include the company school that was not in the company school operations for all of 2016.

COMPANY-OWNED SCHOOLS	**Average (Annual)**	**% of Gross Sales**	**% of Stores at or Above Average**	**# of Stores at or Above Average**
Gross Sales	**$513,260**	**100.00%**	**26.7%**	**4**
Cost of Sales	$169,314	33.0%	26.7%	4
Gross Profit	**$343,946**	**67.0%**	**26.7%**	**4**
Operating Expenses				
Management Labor	$86,486	16.9%	40.0%	6
Admin Labor	$23,561	4.6%	46.7%	7
Rent	$58,604	11.4%	53.3%	8
Other Expenses	$90,344	17.6%	40.0%	6
Total Expenses	**$235,434**	**45.9%**	**40.0%**	**6**
Net Operating Income	**$108,512**	**21.1%**	**26.7%**	**4**

Average Gross Sales	$513,260 (4 Company-owned Schools, or 26.7%, were at or above this figure)
Median Gross Sales	$412,952 (7 Company-owned Schools, or 46.7%, were at or above this figure)

To make the financial performance representation in this Item 19, we relied on the Gross Sales and student enrollment information collected through our billing and accounting system. We have not audited or verified this information for the franchised School of Rock businesses

Written substantiation of the data used in preparing this financial performance representation will be made available to you as a prospective franchisee upon reasonable written request.

Other than the preceding financial performance representation, School of Rock does not make any financial performance representations. We also do not authorize our employees or representatives to

make any such representations either orally or in writing. If you are purchasing an existing School, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Colin Fitzpatrick at 2101 E. El Segundo Blvd., Suite 102, El Segundo, CA 90245, (630) 474-3782, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table 1
SYSTEM-WIDE OUTLET SUMMARY*
FOR YEARS 2014 TO 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	102	120	+18
	2015	120	145	+25
	2016	145	152	+7
Company-owned**	2014	20	14	-6
	2015	14	15	+1
	2016	15	16	+1
Total Outlets	**2014**	**122**	**134**	**+12**
	2015	**134**	**160**	**+26**
	2016	**160**	**168**	**+8**

* All Item 20 charts reflect only outlets operating in the United States.
** All "company-owned" outlets referred to in this Item 20 are owned and operated by our parent and affiliate, School of Rock, LLC.

Table 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2014 TO 2016

State	Year	Number of Transfers
California	2014	0
	2015	1
	2016	0
Connecticut	2014	1
	2015	0
	2016	0
Nevada	2014	2
	2015	0
	2016	0
New Jersey	2014	1
	2015	0
	2016	0
Pennsylvania	2014	0
	2015	1
	2016	0
Texas	2014	1
	2015	0
	2016	0
Total	**2014**	**5**
	2015	**2**
	2016	**0**

Table 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2014 TO 2016

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
AR	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	1	0	0	0	0	2
AZ	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
CA	2014	9	2	0	0	0	0	11
	2015	11	6	0	0	0	0	17
	2016	17	1	0	0	0	0	18
CO	2014	3	1	0	0	0	0	4
	2015	4	0	0	0	0	0	4
	2016	4	0	0	0	0	0	4
CT	2014	4	0	0	0	0	1	3
	2015	3	0	0	0	0	0	3
	2016	3	1	0	0	0	0	4
DE	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	1	0	0	0
FL	2014	5	0	0	0	0	0	5
	2015	5	1	0	0	0	0	6
	2016	6	1	0	0	0	0	7
GA	2014	0	2	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
IL	2014	8	1	0	0	0	0	9
	2015	9	1	0	0	0	0	10
	2016	10	1	0	0	0	0	11
IN	2014	1	0	0	0	0	0	1
	2015	1	2	0	0	0	0	3
	2016	3	0	0	0	0	0	3
KS	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
MA	2014	3	0	0	0	0	0	3
	2015	3	2	0	0	0	0	5
	2016	5	0	0	0	0	0	5
MD	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
MI	2014	2	1	0	0	0	0	3
	2015	3	0	0	0	0	0	3
	2016	3	0	0	0	0	0	3
MN	2014	3	0	0	0	0	1	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	1	0	1
MO	2014	4	1	0	0	0	0	5
	2015	5	0	0	0	0	0	5
	2016	5	0	0	0	0	0	5
NE	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NC	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	1	0	0	0	0	2
NJ	2014	11	1	0	0	0	0	12
	2015	12	1	0	0	0	0	13
	2016	13	0	0	0	0	0	13
NM	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
NV	2014	1	1	0	0	0	0	2
	2015	2	0	0	0	0	0	2
	2016	2	0	0	0	0	0	2
NY	2014	6	4	0	0	0	0	10
	2015	10	0	0	0	1	0	9
	2016	9	1	0	0	0	0	10

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations–Other Reasons	Outlets at End of Year
OH	2014	4	0	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	0	0	0	0	0	5
OK	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
OR	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
PA	2014	8	1	0	0	0	0	9
	2015	9	1	0	0	0	0	10
	2016	10	0	0	0	0	0	10
TN	2014	4	0	0	0	0	0	4
	2015	4	1	0	0	0	0	5
	2016	5	0	0	0	0	0	5
TX	2014	11	3	0	0	0	1	13
	2015	13	4	0	0	0	0	17
	2016	17	1	0	0	0	0	18
UT	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
VA	2014	4	0	0	0	0	0	4
	2015	4	2	0	0	0	0	6
	2016	6	0	0	0	0	0	6
WA	2014	0	0	0	0	0	0	0
	2015	0	2	0	0	0	0	2
	2016	2	0	0	0	0	0	2
WI	2014	1	0	0	0	0	0	1
	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
Total	**2014**	**102**	**21**	**0**	**0**	**0**	**3**	**120**
	2015	**120**	**26**	**0**	**0**	**1**	**0**	**145**
	2016	**145**	**9**	**0**	**1**	**1**	**0**	**152**

Table 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2014 TO 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
CA	2014	2	0	0	0	1	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
CO	2014	2	0	0	0	1	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
FL	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
GA	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
IL	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
MD	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
MN	2014	0	0	0	0	0	0
	2015	0	0	0	0	0	0
	2016	0	0	1	0	0	1
MO	2014	1	0	0	0	1	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
NC	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
NJ	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
NY	2014	2	0	0	0	2	0
	2015	0	0	1	0	0	1
	2016	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
OR	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
PA	2014	1	0	0	0	1	0
	2015	0	0	0	0	0	0
	2016	0	0	0	0	0	0
TX	2014	1	0	0	0	0	1
	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
WA	2014	2	0	0	0	0	2
	2015	2	0	0	0	0	2
	2016	2	0	0	0	0	2
Total	**2014**	**20**	**0**	**0**	**0**	**6**	**14**
	2015	**14**	**0**	**1**	**0**	**0**	**15**
	2016	**15**	**0**	**1**	**0**	**0**	**16**

Table 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2016

State	Franchise Agreement Signed But Unit Not Yet Open (As of December 31, 2016)	Projected New Franchised Units Opening in Fiscal Year 2017	Projected New Company-Owned Units in Fiscal Year 2017
CA	6	6	0
CT	0	1	0
FL	2	3	0
GA	0	1	0
IL	2	3	0
KY	1	1	0
LA	0	1	0
NC	1	1	0
NV	1	1	0
NY	0	1	0
OK	1	1	0
TX	0	1	0
VA	1	1	0
WA	1	1	0
Total	**16**	**23**	**0**

The above table gives the projected number of new franchised and company-owned schools during the one-year period January 1, 2017 through December 31, 2017.

The name, address, and telephone number of our current franchisees and area developers, as of December 31, 2016, are listed in Exhibit D to this Disclosure Document. This list includes franchisees that signed a Franchise Agreement prior to December 31, 2016 but had not opened their franchised business as of that date.

Exhibit D also lists any franchises that were transferred, terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business with us during the most recently completed fiscal year, or have not communicated with us within the 10 weeks preceding the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business. There are currently no trademark-specific franchisee organizations that have been created, sponsored, or endorsed by us. No trademark-specific franchisee organizations associated with the School of Rock system have asked us to include information about them in our current Franchise Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit E are our audited balance sheets as of December 31, 2016, December 31, 2015, and December 31, 2014, and the related statements of income and cash flows for the periods then ending. Our fiscal year end is December 31.

ITEM 22

CONTRACTS

The School of Rock Development Agreement (with exhibits) is attached as Exhibit F. The School of Rock Franchise Agreement (with exhibits) is attached as Exhibit G-1. The Renewal Amendment to Franchise Agreement is attached as Exhibit G-2. Our form Confidentiality and Non-Disclosure Agreement, which you will be required to sign before you sign a Franchise Agreement, is attached as Exhibit H. Our form General Release is attached as Exhibit I. Our form Franchisee Disclosure Questionnaire is attached as Exhibit K. Our form of Asset Purchase Agreement, which you will only sign if you are purchasing an existing School of Rock business from us, is attached as Exhibit L. A sample Secured Promissory Note is attached as Exhibit M.

ITEM 23

RECEIPTS

A receipt in duplicate is attached to this Disclosure Document as Exhibit N. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to us at 2101 E. El Segundo Blvd., Suite 102, El Segundo, CA 90245.

EXHIBIT A TO
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

(See attached.)

California
Department of Business Oversight
320 West 4th Street
Suite 750
Los Angeles, California 90013
1-866-275-2677

Florida
Florida Department of Agriculture &
Consumer Services
Division of Consumer Affairs
PO Box 6700
Tallahassee, Florida 32314-6700

Hawaii
Business Registration Division
Securities Compliance Branch
Department of Commerce & Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

Illinois
Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706

Indiana
Secretary of State
Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky
Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
Frankfort, Kentucky 40601

Maryland
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

Nebraska
Nebraska Department of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
PO Box 95006
Lincoln, NE 68508

New York
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, NY 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

North Dakota
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Division of Securities
Department of Business Regulation
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920

South Dakota
Department of Labor and Regulation
Division of Securities
124 S. Euclid Ave., Suite 104
Pierre, South Dakota 57501

Texas
Statutory Document Section
Secretary of State
P.O. Box 13550
Austin, Texas 78711

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Ninth Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

Wisconsin
Department of Financial Institutions
Division of Securities
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT B TO
FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Business Oversight
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

Hawaii
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Attorney General of the State of Illinois
500 South Second Street
Springfield, Illinois 62706

Indiana
Secretary of State
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky
Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota
Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

Nebraska
Nebraska Department of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
PO Box 95006
Lincoln, Nebraska 68508

New York
Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

North Dakota
Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor Dept 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island
Division of Securities
Department of Business Regulation
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920

South Dakota
Director of the Division of Securities
Department of Labor and Regulation
124 S. Euclid Ave., Suite 104
Pierre, South Dakota 57501

Texas
Statutory Documents Section
Secretary of State
P.O. Box 13550
Austin, Texas 78711

Virginia
Clerk of the State Corporation Commission
1st Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

Wisconsin
Administrator
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

EXHIBIT C TO
FRANCHISE DISCLOSURE DOCUMENT

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OPERATIONS MANUALS

Music Direction Manuals

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EXHIBIT D TO
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT AND FORMER FRANCHISEES AND LICENSEES

I. Current Franchisees

State	City	Name of Operator	School Address	School Phone Number
AR	Bentonville	Dean Tarpley Terry Longhway*	2890 West Walnut Bentonville, AR 72756	(479) 936-8838
AR	Fayetteville	Bea Escobar	2857 N. College, Fayetteville, AR 72703	(479) 316-8288
AZ	Gilbert	Steve Gentilini	885 E. Warner Road Gilbert, AZ 85296	(480) 632-7625
AZ	Phoenix	Steve Gentilini	4645 E. Chandler Blvd. Ahwatukee, AZ 85048	(480) 483-7625
AZ	Scottsdale	Steve Gentilini	13610 N. Scottsdale Road Scottsdale, AZ 85254	(480) 483-7625
CA	Elk Grove**	Jason Kline	9045 Elk Grove Blvd. Elk Grove, CA 95624	(916) 500-7625
CA	Encinitas	Tim Bortree Jan Bortree	165 S. El Camino Real Blvd. Encintas, CA 92024	(760) 230-5968
CA	Fairfax District LA	Trisha Cardell	7801 Beverly Blvd. Los Angeles, CA 90036	(323) 999-1919
CA	Huntington Beach	Larry Boodman Jeff Nunes	18584 Main Street Huntington Beach, CA 92648	(714) 847-7788
CA	Mill Valley**	Jeff Nunes Larry Boodman	[TBD]	[TBD]
CA	Oceanside	Tim Bortree Jan Bortree	4095 Oceanside Blvd, Suite F Oceanside, CA 92056	(760) 734-1529
CA	Palo Alto	Hansel Lynn	2645 Middlefield Road Palo Alto, CA 94036	(650) 388-9964
CA	Pasadena**	Dana Hesse	1240 E Colorado Blvd Pasadena. CA 91106	(626) 508-1818
CA	Rancho Santa Margarita	Dean Tarpley Brian Housley*	30092 Santa Margarita Parkway Suite M Rancho Santa Margarita, CA 92688	(949) 888-7625
CA	Redondo Beach	Bernard Wong	1806 Artesia Blvd. Redondo Beach, CA 90277	(310) 379-2288
CA	Roseville**	Jason Kline*** Cecilia Yi	228-232 Vernon Street Roseville, CA 95678	[TBD]
CA	San Diego	Tim Bortree Jan Bortree	3194 Market Street, #2 San Diego, CA 92102	(619) 696-9343

CA	San Juan Capistrano**	Dean Tarpley Terry Longhway*	[TBD]	[TBD]
CA	San Jose	London Delicath	5035 Almaden Expressway San Jose, CA 95118	(408) 960-8180
CA	San Mateo	Rachel Sager Aldo Noboa	711 South B Street San Mateo, CA 94010	(650) 347-3473
CA	San Ramon	John Baker Toni Baker	460 Montgomery Street San Ramon, CA 94583	(925) 208-1296
CA	Santa Clarita	Ron Sobol Andrew Klein	24515 Kansas Street Santa Clarita, CA 91321	(661) 268-6029
CA	Temecula	Dean Tarpley Brian Housley*	30630 Rancho California Road, #501F Temecula, CA 92591	(951) 693-2000
CA	Thousand Oaks**	Phil Christie***	TBD	TBD
CA	Toluca Lake	Dale Hesse Dana Hesse	4516 Mariota Avenue Burbank, CA 91602	(818) 643-7263
CA	Tustin	Dean Tarpley Terry Longhway*	530 E. 1st Street Tustin, CA 92780	(715) 975-9116
CA	Venice	Chris Czaja	12300 Venice Blvd, Los Angeles, CA 90066	(310) 469-7625
CA	West Los Angeles	Chris Czaja	12020 Wilshire Blvd. Los Angeles, CA 90025	(310) 442-7625
CA	Woodland Hills	Phil Christie Jamie Swan Christie	6727 Failbrook Avenue Woodland Hills, CA 91307	(818) 659-7625
CO	Aurora	Ron & Carla Willard	13750 E. Rice Place Aurora, CO 80015	(720) 789-8866
CO	Boulder	Henry Davis Deniz Davis	3280 28th Street Unit 1. Boulder, CO 80301	(303) 532-1201
CO	Broomfield	Henry Davis Deniz Davis	11970 Quay Street Broomfield, CO 80020	(303) 325-3772
CO	Denver	Jim Johnson Jeannie Johnson	216 S. Grant Street Denver, CO 80209	(720) 221-6991
CT	Fairfield	Stephen Kennedy Tony Reilly	1976 Post Road Fairfield, CT 06824	(203) 292-5473
CT	Madison	Courtney Gibbons	845 Boston Post Road Madison, CT 06433	(203) 350-0345
CT	New Canaan	Mariola Camacho	41 Grove Street06840 New Canaan, CT	(203) 966-4430
CT	Ridgefield	Mariola Camacho	37 Danbury Road Ridgefield, CT 06877	(203) 594-7870
FL	Boca Raton	Richard Kagan Stacey Kagan	141 NW 20th Street, Suite F1, Boca Raton, FL 33431	(561) 430-2411

FL	Coral Springs	Craig Zim*	7544 Wiles Road, C-102 Coral Springs, FL 33067	(954) 757-7625
FL	Lake Worth	Rick Rothschild	7433 S. Military Trail Lake Worth, FL 33463	(561) 855-2646
FL	North Palm Beach	Rick Rothschild	11650 U.S. Highway One North Palm Beach, FL 33408	(561) 625-9238
FL	Orlando**	Wes Simmons	6700 Conroy Windermere Road Orlando, FL 32835	(407) 710-9100
FL	Oviedo	Wes Simmons	5420 Deep Lake Road Oviedo, FL 32765	(407) 706-3900
FL	Pompano Beach**	Craig Zim***	1955 N. Federal highway SW Pompano Beach, FL 33062	TBD
FL	Tampa	Michael Malloy*	620 S. MacDill Ave. Suite C Tampa, FL 33609	(813) 873-8047
FL	West Broward	Craig Zim*	4401 S. Flamingo Road Davie, FL 33330	(954) 252-7625
GA	Johns Creek	Ben Simms Christina Simms	10900 Medlock Bridge Road, #107 Johns Creek, GA 30097	(678) 580-1882
GA	Marietta	Mark Lavinsky Laurie/Adam Lavinsky	2877 Johnson Ferry Road #B East Cobb, GA 30062	(770) 579-0400
IL	Arlington Heights	Jim Gignac Ann Marie Gignac	17 E. Campbell Street Arlington Heights, IL 60005	(847) 915-6201
IL	Chicago West**	Charles Stevenson Ted Billups***	1913 W Chicago Ave Chicago, IL 60622	(312) 526-3978
IL	Elmhurst	Anne Dills Denise Dills	105 N. Maple Avenue Elmhurst, IL 60126	(630) 750-7625
IL	Evanston	Rob Rowe Scott Yakes	1311 Sherman Place Evanston, IL 60201	(847) 864-7625
IL	Geneva	Cheryl Fein, Jason Fein	15 W State Street, Geneva, IL 60134	(630) 355-7625
IL	Highwood	Rob Rowe Scott Yakes	43 Highwood Avenue Highwood, IL 60040	(847) 433-7625
IL	Hinsdale	Anne Dills Denise Dills	116 S. Washington Street Hinsdale, IL 60521	(630) 936-4742
IL	Mokena	Mitch Simborg	9618 W 194th place Mokena, IL 60448	(708) 479-7625
IL	Naperville	Anne Dills Denise Dills	220 N. Washington St. Naperville, IL 60540	(630) 750-7625
IL	Oak Park	Amy Renzulli	219 Lake Street Oak Park, IL 60302	(708) 298-0002
IL	Plainfield	Cheryl Fein Jason Fein	24026 W. Lockport Street Plainfield, IL 60544	(815) 246-3400

IL	Schaumburg**	Cheryl Fein*** Jason Fein	TBD	TBD
IN	Carmel	Steve McFarland	626 S. Rangeline Road Carmel, IN 46032	(317) 848-7625
IN	Fishers	Steve McFarland	11740 Olio Road, #100 Fishers, IN 46038	(317) 732-5109
IN	Fort Wayne	Mark McKibben	9006 Coldwater Road, Fort Wayne, IN 46825	(260) 497-7625
KS	Overland Park	Dean Tarpley Terry Longhway*	9296 Metcalf Avenue Overland Park, KS 66212	(913) 642-7625
KS	Wichita	Scott Stark Jason Ramsey	1218 S. Rock Road Wichita, KS 67207	(866) 695-5515
KY	Louisville**	Melanie Scofield*** Doug Scofield	TBD	TBD
MA	Attleboro	David LaSalle	185 Washington Street Attleboro, MA 02703	(508)751-5300
MA	Lynn	Bill Galatis, Jr.	25 Exchange Street, Lynn, MA 01901	(781) 598-1960
MA	Norwood	Ed Jackowski Tom Brunelle	1250 Washington Street Norwood, MA 02062	(781) 352-2336
MA	Seekonk	Phil Martelly	1295 Fall River Avenue Seekonk, MA 02771	(508) 557-0213
MA	Watertown	Bill Galatis, Jr.	120 Elm Street Watertwon, MA 02472	(617) 923-3434
MD	Arnold	Chris Mannix Kelly Scalia	1450 Ritchie Highway Arnold, MD 21012	(410) 349-1456
MD	Gambrills	Chris Mannix Kelly Scalia	1041 Route 3 (Northbound) #110 Crofton, MA 21054	(410) 721-1030
MD	Silver Springs	Jeff Bolletino Laura Bolletino	8634 Colesville Road Silver Springs, MD 20910	(301) 589-7625
MI	Ann Arbor	Lance Zechinato Gordon Wilson	6101 Jackson Road Ann Arbor, MI 48103	(734) 686-3333
MI	Farmington	Dale Smigelski	22730 Orchard Lake Road Farmington, MI 48336	(248) 987-4450
MI	Rochester	Dean Tarpley Terry Longhway*	415 Walnut Blvd.	(248) 726-9787
MN	Eden Prairie	Stacey Marmolejo	6585 Edenvale Blvd., Suite 100B Eden Prairie, MN 55346	(952) 934-7625
MO	Ballwin	Scott Rinaberger	14560 Manchester Road Ballwin, MO 63011	(636) 220-8930
MO	Kirkwood	Scott Rinaberger	104 N. Kirkwood Road Kirkwood, MO 63122	(314) 394-1994

MO	Lee's Summit	Dean Tarpley Terry Longhway*	1121 NE Rice Road Lee's Summit, MO 64086	(816) 272-5216
MO	Parkville	Dean Tarpley Terry Longhway*	1315 East Street Parkvile, MO 64125	(816) 842-7625
MO	Springfield	Jennifer Jester	1658 E. Sunshine Street Springfield, MO 65084	(417) 887-7625
NC	Cary	Kevin Hester	1311 NW Maynard Rd. Cary, NC 27513	(919) 439-6086
NC	Chapel Hill**	David Joseph***	1500 Fordham Blvd. Chapel Hill, NC 27514	(919) 338-1011
NC	Cornelius	Phil Martelly*** Shawn Garrity	21112 Catawba Ave. Cornelius, NC 28031	(980) 689-5257
NE	Omaha	Dave Campagna	13270 Millard Ave. Omaha, NE 68137	(402) 691-8875
NJ	Chatham	Matt Ross	60 Main Street Chatham, NJ 07928	(973) 635-2100
NJ	Cherry Hill	Lou Faiola	1990 Route 70 East Cherry Hill, NJ 08003	(856) 874-0441
NJ	Clark	Matt Ross	1173 Raritan Road Clark, NJ 07066	(908) 577-4473
NJ	East Brunswick	Joe Biondi	3 Lexington Downs East Brinswick, NJ 08816	(732) 570-2599
NJ	Hamilton	Mike Morpurgo	3570 Quakerbridge Road Princeton, NJ 08619	(609) 890-7090
NJ	Marlboro	Antonina Basile	256 Highway 79 Marlboro, NJ 07751	(732) 290-0666
NJ	Montclair	Matt Sandoski	125 Valley Rd. Montclair, NJ 07042	(973) 337-5296
NJ	Randolph	Vince Addessa	540 Route 10 West Randolph, NJ 07853	(862) 437-1220
NJ	Saddle Brook	Mike Montalbano	400 Market Street Saddle Brook, NJ 07663	(201) 556-0655
NJ	Somerville	Andy Lucibello	1 West Main Street Somerville, NJ 08876	(908) 231-8300
NJ	Tenafly	Matt Ross	33 County Road Tenafly, NJ 07670	(201) 568-7625
NJ	Waldwick	Mike Montalbano	159 Franklin Turnpike Waldwick, NJ 07463	(201) 444-4425
NJ	Wayne	Dean Tarpley Terry Longhway*	1055 Hamburg Turnpike Wayne, NJ 07470	(973) 572-4758
NM	Albuquerque	Robert Montoya Dawn Montoya	6409 Candelaria Rd. NE Albuquerque, NM 87110	(505) 842-7331

NV	Henderson	Dean Tarpley Terry Longhway*	55 S. Valle Verde Drive, #470 Henderson, NV 89012	(702) 778-1400
NV	North Las Vegas**	Dean Tarpley Terry Longhway*	[TBD]	[TBD]
NV	Summerlin	Dean Tarpley Terry Longhway*	9340 W. Flamingo Rd, #117 Summerlin, NV 89147	(702) 778-9382
NY	Bedford	Stephen Kennedy Tony Reilly	12 Court Road Bedford, NY 10506	(914) 234-0418
NY	Blauvelt	Shuman Roy	135 East Erie Street Orangeburg, NY 10913	(845) 977-0275
NY	Brooklyn	Mike Addesso	327 Douglass Street Brooklyn, NY 11217	(347) 915-4419
NY	Farmingdale	Joel Camp Emilia Camp	540 Smith Street Farmingdale, NY 11704	(631) 425-5191
NY	Huntington	Gene Rubin*** Monica Rubin	145 E Main Street Huntington, NY 11743	(631) 683-5030
NY	Latham	David Bodie	592 Loudon Road Albany, NY 12110	(518) 783-7625
NY	Mamaroneck	Ned Kelly Tory Ridder	1 Depot Plaza Mamaroneck, NY 10543	(914) 777-1500
NY	New York	Peter Schellbach	439 E. 75th Street New York, NY 10021	(212) 249-7625
NY	Port Jefferson	Tracie Smith	4837 Nesconset Highway Port Jefferson, NY 11776	(631) 476-7625
NY	Rockville Centre	Gene Rubin Monica Rubin	197 N Long Beach Road Rockville Centre, NY 11570	(516) 599-5909
OH	Dublin	Stewart Kemper*	6727 Dublin Center Dr. Dublin, OH 43017	(614) 788-7200
OH	Highland Heights	Shelly Norehad	299 Alpha Park Highland Heights, OH 44143	(440) 333-7625
OH	Mason	Tim Garry	755 Reading Road, Suite 1 Mason, OH 45040	(513) 770-1257
OH	Rocky River	Shelly Norehad	20148 Detroit Road Rocky River, OH 44116	(440) 684-7625
OH	Strongsville	Shelly Norehad	16812 S. Pearl Street Strongsville, OH 44136	(440) 572-7655
OK	Edmond	Brandon Birdwell*** Ted Kushell	100 N. Broadway Edmond, OK	(405) 471-6630
OK	Oklahoma City*	Brandon Birdwell*** Ted Kushell	2841 Lancaster Lance Oklahoma City, OK	TBD
OR	Lake Oswego	Jon Graf Katherine Graf	11830 SW Kerr Parkway Lake Oswego, OR 97035	(503) 477-8589

PA	Allentown	Ray Thierrin Sue Thierrin	622 Union Blvd. Allentown, PA 18109	(484) 894-2113
PA	Berwyn	Steve Zack Gary Hite Stef Hite	511 Old Lancaster Road Berwyn, PA 19312	(610) 647-2900
PA	Castle Shannon	DJ Blackrick	4100 Library Road Castle Shannon, PA 15234	(412) 343-7625
PA	Downingtown	Tom McKee	478 Acorn Lane Downingtown, PA 19335	(610) 518-7625
PA	Doylestown	Mike Morpurgo	135 South Main Street Doylestown, OA 18901	(267) 362-5282
PA	Easton	Ray Thierrin Sue Thierrin	19 South Bank Street Easton, PA 18040	(610) 923-1625
PA	Fort Washington	Dean Tarpley Terry Longhway*	425A Delaware Drive Fort Washington, PA 19034	(215) 542-0503
PA	Huntingdon Valley	Paul Pollock	79 Buck Road Huntingdon Valley, PA 19006	(267) 288-0306
PA	Philadelphia	Mike Morpurgo	421 N. 7th Street Philadelphia, PA 19123	(267) 639-4007
PA	Wexford	DJ Blackrick	11171 Perry Highway Wexford, PA 15090	(724) 934-5692
TN	Franklin	Kelly McCreight Angie McCreight	616 Bradley Court Franklin, TN 37064	(615) 221-9700
TN	Germantown	Ken Hall Sallie Hall	9309 Poplar Avenue Germantown, TN 38138	(901) 209-4170
TN	Knoxville	Greg Franklin	101 Sherlake Lane, Suite 101, Knoxville, TN 37922	(865) 247-4038
TN	Memphis	Marc Gurley	402 Perkins Extension17 Memphis, TN 381	(901) 730-4380
TN	Nashville	Kelly McCreight Angie McCreight	3201 Belmont Blvd. Nashville, TN 37212	(615) 730-5306
TX	Arlington	Dean Tarpley Terry Longhway*	8021 Matlock Road, #101 Mansfield, TX 76002	(817) 472-1131
TX	Champions Forest	Dean Tarpley Terry Longhway*	22424 Tomball Parkway, Unit A Champion Forest, TX 77070	(281) 246-4475
TX	Cypress	Dean Tarpley Juan Haces	12904 Fry Road, Suite 300, Cypress, TX 77433	(281) 304-7625
TX	Dallas	Dean Tarpley Terry Longhway*	5606 Dyer Street Dallas, TX 75206	(214) 363-7625
TX	Flower Mound	Dean Tarpley Terry Longhway*	3501 Long Prairie Road Flower Mound, TX 75022	(972) 539-0761
TX	Fort Worth	Dean Tarpley Terry Longhway*	905 University Drive Fort Worth, TX 76107	(817) 332-7625

TX	Frisco	Dean Tarpley Terry Longhway*	6891 Main St. Firsco, TX 75034	(214) 872-2878
TX	Katy	Mark Bowerman	3570 S. Mason Road, Suite 800 Katy, TX 77450	(281) 769-7010
TX	Kingwood	Dean Tarpley Terry Longhway*	1580 Kingwood Drive Kingwood, TX 77339	(281) 358-7625
TX	Lubbock	Dean Tarpley Terry Longhway*	7802 Indiana Avenue Lubbock, TX 79243	(806) 795-0506
TX	McKinney	Dean Tarpley Terry Longhway*	1600 W. Louisiana Street McKinney, TX 75069	(214) 856-4055
TX	Plano	Dean Tarpley Terry Longhway*	1501 Preston Road, Suite 550 Plano, TX 75093	(469) 567-3962
TX	Rockwall	Dean Tarpley Terry Longhway*	206 E Washington Street, Rockwall, TX 75087	(469) 314-1300
TX	San Antonio	Andy Patton Michele Patton	109 Gallery Circle, Suite 101 San Antonio, TX 78258	(210) 314-7671
TX	Southlake	Dean Tarpley Terry Longhway*	3220 W. Southlake Blvd. Southlake, TX 76092	(682) 593-0990
TX	Sugar Land	Dean Tarpley, Terry Longhway, Kal Thakkarz	1935 Lakeside Plaza Drive, Sugar Land, TX 77479	(832) 939-8788
TX	The Woodlands	Dean Tarpley Terry Longhway*	30420 FM 2978 The Woodlands, TX 77354	(832) 585-0442
TX	Webster	EJ Nolan	1020 NASA Parkway, #146 Webster, TX 77598	(281) 218-7625
UT	Sandy	Marla Bailey LaMont Bailey	9083 S 255 W Sandy, UT 84070	(385) 351-5077
VA	Ashburn	Jeff Bolletino Laura Bolletino	20660 Ashburn Road Ashburn, VA 20147	(703) 858-0820
VA	Glen Allen	Matt Alter Parker Alter	4300 Pouncey Tract Road23060 Short Pump, VA	(804) 212-3900
VA	Haymarket**	Mary Hitchcock*** Connor Hitchcock	15101 Washington Street Haymarket, VA 20169	TBD
VA	Midlothian	Matt Alter Parker Alter	13154 Midlothian Turnpike Midlothain, VA 23113	(804) 419-4925
VA	Norfolk	Ed Locke Kathleen Locke	430 Boush St. Norfolk, VA 23510	(757) 961-7626
VA	Vienna	Jeff Bolletino Laura Bolletino	111 Center Street South Vienna, VA 22180	(703) 242-2184
VA	Virginia Beach	Eric Lonning	1552 Mill Dam Road Virginia Beach, VA 23454	(757) 227-5797
WA	Lynwood**	John Scherrer***	4200 196th Street SW Lynnwood, WA 98036	(425) 361-2518

WA	Issaquah	Chad Fondren, Tracy Fondren	195 Front Street N, Issaquah, WA 98027	(425) 443-5033
WA	Seattle	Phil Gustavson Robert Gustavson	4701 41st Ave SW #120 Seattle, WA 98116	(206) 294-3175
WI	Shorewood	Rock Marasco	4050 N. Oakland Avenue	(414) 332-7625

* NOTE: These franchisees also have Area Development Agreements with us.
** NOTE: These franchise locations were not yet open as of December 31, 2016.
*** NOTE: These franchisees signed their agreements in 2017.

II. Former Franchisees

Name of Former Franchisee	City and State	Last Known Phone Number	Reason for Leaving
Eric Svalgard	Wilmington, DE	(302) 656-7625	Non-Renewal of FA
Stacey Marmolejo	St. Paul, MN	(651) 492-1053	Reacquired by Franchisor

NOTE: If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

EXHIBIT E TO
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

(See attached.)

School of Rock Franchising, LLC

Financial Statements and Independent Auditors' Report

December 31, 2016 and 2015

Miller Cooper & Co., Ltd.

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MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Audit Committee
School of Rock Franchising, LLC
El Segundo, California

Report on the Financial Statements

We have audited the accompanying financial statements of School of Rock Franchising, LLC (the "Company"), which comprise the balance sheets of as of December 31, 2016 and 2015, and the related statements of income and member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School of Rock Franchising, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
March 3, 2017

FINANCIAL STATEMENTS

School of Rock Franchising, LLC

BALANCE SHEETS

December 31, 2016 and 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash	$ 1,047,607	$ 666,092
Accounts receivable, net	549,006	421,881
Due from member	-	4,035,481
Other current assets	33,965	74,935
	$ 1,630,578	$ 5,198,389
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 107,475	$ 31,608
Deferred revenue	772,175	697,925
Total current liabilities	879,650	729,533
MEMBER'S EQUITY	750,928	4,468,856
	$ 1,630,578	$ 5,198,389

The accompanying notes are an integral part of these statements.

School of Rock Franchising, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY

Years Ended December 31, 2016 and 2015

	2016	2015
Revenues		
Franchise and option fees	$ 656,538	$ 1,553,830
Royalties	5,473,083	4,374,858
Other revenues	335,565	197,498
	6,465,186	6,126,186
Operating expenses		
Administrative fee charged by member	2,719,898	2,410,000
Professional fees	588,404	223,440
Marketing fees	802,617	733,503
Other operating expenses	149,933	255,861
	4,260,852	3,622,804
NET INCOME	2,204,334	2,503,382
MEMBER'S EQUITY		
Beginning of year	4,468,856	1,965,474
Distributions	(5,922,262)	-
End of year	$ 750,928	$ 4,468,856

The accompanying notes are an integral part of these statements.

School of Rock Franchising, LLC

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Net income	$ 2,204,334	$ 2,503,382
Adjustments to reconcile net income to net cash provided by operating activities		
Bad debt expense	3,477	58,081
(Increase) decrease in assets		
Accounts receivable	(130,602)	(76,668)
Due from member	-	(1,925,187)
Other current assets	40,970	(71,459)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	75,867	14,634
Deferred revenue	74,250	(486,635)
Net cash provided by operating activities	2,268,296	16,148
Cash flows from financing activities		
Distributions to member	(1,886,781)	-
Net cash used in financing activities	(1,886,781)	-
NET INCREASE IN CASH	381,515	16,148
Cash, beginning of year	666,092	649,944
Cash, end of year	$ 1,047,607	$ 666,092
Supplemental disclosure of noncash transactions		
Reduction of due from member through non-cash distribution	$ 4,035,481	$ -

The accompanying notes are an integral part of these statements.

NOTE A - NATURE OF OPERATIONS

School of Rock Franchising, LLC (the Company) is a single member limited liability company organized under the laws of Pennsylvania. The Company's sole member is School of Rock, LLC. The Company grants franchises for the establishment and operation of a School of Rock (the School) under a franchising agreement. The School provides individual and group music lessons and performance experience to students between the ages of seven and eighteen. For the years ended December 31, 2016 and 2015, the Company opened 10 and 31 franchises, respectively. As of December 31, 2016 and 2015, there were 172 and 164 franchise schools in operation, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Accounts Receivable

Receivables are unsecured obligations due from franchisees and students under terms requiring payments generally within 15 days from the service date, depending on the franchisee or student. The Company may accrue interest on unpaid receivables. Franchisee or student receivable balances with invoices aged over 30 days are reviewed for delinquency. Management reviews these accounts taking into consideration the size of the outstanding balance and the past history with the franchisee or customer. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The carrying amount of receivables is reduced by a valuation allowance that reflects management’s best estimate of the amount that will not be collected.

Payments on accounts receivable are allocated to specific invoices identified on the franchisee's remittance advice, or, if unspecified, are applied to the earliest unpaid invoices.

Changes in the Company's allowance for doubtful accounts for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Beginning balance	$ 57,932	$ 49,500
Bad debt expense	3,477	58,081
Write-offs	(501)	(49,649)
Ending balance	$ 60,908	$ 57,932

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Revenue Recognition

Franchise and Option Fees

Franchise agreements generally include a term of 10 years, with renewal rights for an additional 15 years. The Company is obligated to provide certain services in connection with the franchise agreements, including providing the franchisee with site selection guidelines and consultation, initial training, an equipment list, and the Company's operating manual. The Company also provides a minimal amount of pre-opening training and advertising and promotional material at the franchise's expense.

The Company receives a franchise fee in consideration for administrative, legal, and other costs incurred by the Company prior to the execution of the agreement and gives up the opportunity to sell the franchise to others. Franchise fees for the years ended December 31, 2016 and 2015 ranged from $24,750 and $64,125 and are non-refundable. Franchise fees are due upon execution of the franchise agreement. Revenue is recognized when substantially all required services have been provided, which generally occurs upon the opening of the franchised school.

Deferred revenue consists of monies received for franchisee fees and area development fees, in advance of a school's opening.

Certain franchisees enter into area development agreements. Area development fees are non-refundable and area development agreements require the franchisee to open a specific number of schools in the development area within a specified period of time. If the schools are not opened within the specified time frame, the agreements may be canceled by the Company. Area development fees range from 10% to 20% of the original franchise fee and are due upon execution of the area development agreements. Revenue from area development agreements is deferred and recognized upon the opening of the additional school or at the time the area development agreement expires and is canceled by the Company.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Revenue Recognition (Continued)

Royalties

Franchise royalties are recognized in the month earned, in accordance with the terms of their franchise agreement. Franchisees are charged a monthly royalty of 5% to 11% of gross sales, which includes a required contribution of up to 3% of gross sales to the Company's national advertising fund.

Other Revenues

Other revenues include amounts charged to franchisees for website maintenance and software license fees.

3. Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses approximated $802,000 and $731,000 for the years ended December 31, 2016 and 2015, respectively.

4. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Income Taxes

The Company was formed as a limited liability company and is treated as a partnership for income tax purposes. In lieu of corporate income taxes, the Member is taxed for its pro rata share of the Company's items of income, deductions, losses, and credits. As a result, no federal income taxes have been recognized in the accompanying financial statements. However, the Company may be responsible for income taxes in certain states.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Income Taxes (Continued)

Management has analyzed the tax positions taken by the Company, and have concluded that as of December 31, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including accounts receivable, net, due from Member, and accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments.

It is the Company's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances, such as evidence of impairment, which, if material, are disclosed in the accompanying notes to these financial statements.

NOTE C - SUMMARY OF FRANCHISE OUTLETS

The following is a summary of changes in the number of franchise outlets:

	2016	2015
Franchised schools operating at the beginning of the year	164	134
New franchised schools opened during the year	10	31
Franchised schools converted to Member-owned schools	(1)	(1)
Franchised schools closed during the year	(1)	-
Franchised schools operating at the end of the year	172	164

NOTE D - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2016 and 2015, the Member charged the Company an administrative fee for certain salaries, marketing and overhead costs totaling $2,719,898 and $2,410,000, respectively. In both 2016 and 2015, the administrative fee was determined based on the percentage of time member employees spent on activities pertaining to the Company. During 2016, the outstanding balance was repaid in full through a non-cash distribution of $4,035,481. As of December 31, 2015, the Company had amounts due from its Member totaling $4,035,481.

NOTE E - RISKS AND UNCERTAINTIES

1. Contingencies

   From time to time, the Company is involved in various legal matters, which are defended and handled in the ordinary course of business. None of these matters are expected to result in a judgment having a material adverse effect on the financial position or results of operations of the Company.

2. Uninsured Cash

   The Company maintains cash balances at a financial institution located in the United States. The cash balances are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts prescribed by law. The Company may, from time to time, have balances in excess of FDIC insured deposit limits.

NOTE F - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 3, 2017, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

School of Rock Franchising, LLC

Financial Statements and Independent Auditors' Report

December 31, 2015 and 2014

Miller Cooper & Co., Ltd.

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MILLER
COOPER
&Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Audit Committee
School of Rock Franchising, LLC
El Segundo, California

Report on the Financial Statements

We have audited the accompanying financial statements of School of Rock Franchising, LLC (the "Company"), which comprise the balance sheet of as of December 31, 2015, and the related statement of income and member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School of Rock Franchising, LLC as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Company, as of and for the year ended December 31, 2014, were audited by other auditors whose report dated March 31, 2015 expressed an unmodified opinion on those statements.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
February 26, 2016

FINANCIAL STATEMENTS

School of Rock Franchising, LLC

BALANCE SHEETS

December 31, 2015 and 2014

ASSETS	2015	2014
CURRENT ASSETS		
Cash	$ 666,092	$ 649,944
Accounts receivable, net	421,881	403,294
Due from Member	4,035,481	2,110,294
Other current assets	74,935	3,476
	$ 5,198,389	$ 3,167,008
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 31,608	$ 16,974
Deferred revenue	697,925	1,184,560
Total current liabilities	729,533	1,201,534
MEMBER'S EQUITY	4,468,856	1,965,474
	$ 5,198,389	$ 3,167,008

The accompanying notes are an integral part of these statements.

School of Rock Franchising, LLC

STATEMENTS OF INCOME AND MEMBER'S EQUITY

Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Franchise and option fees	$ 1,553,830	$ 1,537,175
Royalties	4,374,858	3,306,491
Other revenues	197,498	260,763
	6,126,186	5,104,429
Operating expenses		
Administrative fee charged by Member	2,410,000	2,090,000
Professional fees	223,440	196,694
Marketing fees	733,503	305,047
Other operating expenses	255,861	149,157
	3,622,804	2,740,898
NET INCOME	2,503,382	2,363,531
Member's equity (deficit), beginning of year	1,965,474	(398,057)
Member's equity, end of year	$ 4,468,856	$ 1,965,474

The accompanying notes are an integral part of these statements.

School of Rock Franchising, LLC

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Net income	$ 2,503,382	$ 2,363,531
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Bad debt expense	58,081	-
Changes in operating assets and liabilities		
Accounts receivable	(76,668)	(158,337)
Due from Member	(1,925,187)	(2,110,294)
Other current assets	(71,459)	14,353
Accounts payable and accrued expenses	14,634	(40,526)
Deferred revenue	(486,635)	(237,795)
Net cash provided by (used in) operating activities	16,148	(169,068)
NET INCREASE (DECREASE) IN CASH	16,148	(169,068)
Cash, beginning of year	649,944	819,012
Cash, end of year	$ 666,092	$ 649,944

The accompanying notes are an integral part of these statements.

NOTE A - NATURE OF OPERATIONS

School of Rock Franchising, LLC (the Company) is a single member limited liability company organized under the laws of Pennsylvania. The Company's sole member is School of Rock, LLC. The Company grants franchises for the establishment and operation of a School of Rock (the School) under a franchising agreement. The School provides individual and group music lessons and performance experience to students between the ages of seven and eighteen. For the years ended December 31, 2015 and 2014, the Company opened 31 and 28 franchises, respectively. As of December 31, 2015 and 2014, there were 164 and 134 franchise schools in operation, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Accounts Receivable

Receivables are unsecured obligations due from franchisees and students under terms requiring payments generally within 15 days from the service date, depending on the franchisee or student. The Company does not accrue interest on unpaid receivables. Franchisee or student receivable balances with invoices aged over 30 days are reviewed for delinquency. Management reviews these accounts taking into consideration the size of the outstanding balance and the past history with the franchisee or customer. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The carrying amount of receivables is reduced by a valuation allowance that reflects management's best estimate of the amount that will not be collected.

Payments on accounts receivable are allocated to specific invoices identified on the franchisee's remittance advice, or, if unspecified, are applied to the earliest unpaid invoices.

Changes in the Company's allowance for doubtful accounts for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Beginning balance	$ 49,500	$ 49,500
Bad debt expense	58,081	-
Write-offs	(49,649)	-
Ending balance	$ 57,932	$ 49,500

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Revenue Recognition

Franchise and Option Fees

Franchise agreements generally include a term of 10 years, with renewal rights for an additional 15 years. The Company is obligated to provide certain services in connection with the franchise agreements, including providing the franchisee with site selection guidelines and consultation, initial training, an equipment list, and the Company's operating manual. The Company also provides a minimal amount of pre-opening training and advertising and promotional material at the franchise's expense.

The Company receives a franchise fee in consideration for administrative, legal, and other costs incurred by the Company prior to the execution of the agreement and gives up the opportunity to sell the franchise to others. Franchise fees for the years ended December 31, 2015 and 2014 ranged from $24,750 and $49,500 and are non-refundable. Franchise fees are due upon execution of the franchise agreement. Revenue is recognized when substantially all required services have been provided, which generally occurs upon the opening of the franchised school.

Deferred revenue consists of monies received for franchisee fees and area development fees, in advance of a school's opening.

Certain franchisees enter into area development agreements. Area development fees are non-refundable and area development agreements require the franchisee to open a specific number of schools in the development area within a specified period of time. If the schools are not opened within the specified time frame, the agreements may be canceled by the Company. Area development fees range from 10% to 20% of the original franchise fee and are due upon execution of the area development agreements. Revenue from area development agreements is deferred and recognized upon the opening of the additional school or at the time the area development agreement expires and is canceled by the Company.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Revenue Recognition (Continued)

Royalties

Franchise royalties are recognized in the month earned, in accordance with the terms of their franchise agreement. Franchisees are charged a monthly royalty of 5% to 11% of gross sales, which includes a required contribution of up to 3% of gross sales to the Company's national advertising fund.

Other Revenues

Other revenues include amounts charged to franchisees for website maintenance and software license fees.

3. Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses approximated $731,000 and $305,000 for the year ended December 31, 2015 and 2014, respectively.

4. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Income Taxes

The Company was formed as a limited liability company and is treated as a partnership for income tax purposes. In lieu of corporate income taxes, the Member is taxed for its pro rata share of the Company's items of income, deductions, losses, and credits. As a result, no federal income taxes have been recognized in the accompanying financial statements. However, the Company may be responsible for income taxes in certain states.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Income Taxes (Continued)

Management has analyzed the tax positions taken by the Company, and have concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability in the financial statements. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including accounts receivable, due from Member, and accounts payable and accrued expenses approximate fair value due to the short maturity of these instruments.

It is the Company's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances, such as evidence of impairment, which, if material, are disclosed in the accompanying notes to these financial statements.

NOTE C - SUMMARY OF FRANCHISE OUTLETS

The following is a summary of changes in the number of franchise outlets:

	2015	2014
Franchised schools operating at the beginning of the year	134	108
New franchised schools opened during the year	31	22
Member-owned schools converted to franchise schools	-	6
Franchise-owned schools converted to Member-owned schools	(1)	-
Franchised schools closed during the year	-	(2)
Franchised schools operating at the end of the year	164	134

NOTE D - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2015 and 2014, the Member charged the Company an administrative fee for certain salaries, marketing and overhead costs totaling $2,410,000 and $2,090,000, respectively. In both 2015 and 2014, the administrative fee was determined based on the percentage of time member employees spent on activities pertaining to the Company. As of December 31, 2015 and 2014, the Company had amounts due from its Member totaling $4,084,981 and $2,110,294, respectively.

NOTE E - RISKS AND UNCERTAINTIES

1. Contingencies

   From time to time, the Company is involved in various legal matters, which are defended and handled in the ordinary course of business. None of these matters are expected to result in a judgment having a material adverse effect on the financial position or results of operations of the Company.

2. Uninsured Cash

   The Company maintains cash balances at a financial institution located in the United States. The cash balances are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts prescribed by law. The Company may, from time to time, have balances in excess of FDIC insured deposit limits.

NOTE F - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 26, 2016, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

EXHIBIT F TO
FRANCHISE DISCLOSURE DOCUMENT

SCHOOL OF ROCK DEVELOPMENT AGREEMENT

(See attached.)

SCHOOL OF ROCK

DEVELOPMENT AGREEMENT

SCHOOL OF ROCK
DEVELOPMENT AGREEMENT

SCHOOL OF ROCK
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "**Agreement**") is made as of the Effective Date, between **SCHOOL OF ROCK FRANCHISING LLC**, a Pennsylvania limited liability company with its principal place of business at 2101 E. El Segundo Blvd., Suite 102, El Segundo, California 90245 ("**we**," "**us**" or "**our**"), and _____ _____ a(n) _____ with its principal place of business or principal residence at _____ _____ ("**you**" or "**your**"). The "**Effective Date**" is the date we sign this Agreement, as indicated below our signature on the signature page.

RECITALS

A. We and our affiliates have devoted time, skill, effort, and money to develop, and may continue to develop, a distinctive system (the "**System**") relating to the establishment, operation and franchising of performance-based music schools (each a "**School of Rock Business**") that are required to operate pursuant to system standards that we designate from time to time and that are identified by certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including the marks "School of Rock," "School of Rock Music," "The School of Rock All-Stars," "The Rock School Venue," "Little Wing," and the School of Rock logo, as we designate, in writing, from time to time (collectively, the "**Proprietary Marks**").

B. School of Rock Businesses generally offer a rock music program that provides, among other things, individual music lessons, group rehearsals, performance experience, exclusive, limited access to the school and school equipment during business hours, and branded merchandise. The System includes a method for teaching students through performing in front of a paying audience in a real rock venue and organization of regional groups of elite students known as "The School of Rock All-Stars," and an optional music program for providing music instruction to young children under the mark "Little Wing" ("**Little Wing Program**"). We may change, improve and further develop the System from time to time.

C. You have requested that we grant you the right to enter into Franchise Agreements with us to develop, own and operate multiple School of Rock Businesses. We are willing to grant you those rights, as described in this Agreement, in reliance on all of the information, representations, warranties and acknowledgements you and your owners (if you are a legal entity) have provided to us in support of your request.

IN CONSIDERATION of the covenants herein contained and other valuable consideration, receipt and sufficiency of which are acknowledged, you and we agree as follows:

1. GRANT

1.1 Grant of Development Rights. We grant you the right, and you undertake the obligation, pursuant to the terms and conditions of this Agreement, to enter into Franchise Agreements for the number of School of Rock Businesses identified in the development schedule

set forth in Exhibit B (the "**Development Schedule**") and to develop, own and operate, under each such Franchise Agreement, a School of Rock Business to be located in the area described in Exhibit B (the "**Development Area**"). The rights granted under this Section are referred to as the "**Development Rights**." Recognizing that time is of the essence, you agree to exercise the Development Rights such that you develop, open and operate in the Development Area the number of School of Rock Businesses designated in and strictly in accordance with the Development Schedule. You agree that this Agreement is not a franchise agreement and that the Development Rights do not include any right to use in any manner our Proprietary Marks or System, all such rights being granted under the Franchise Agreements only.

1.2 Franchise Agreements. Each Franchise Agreement to be executed pursuant to this Agreement will be the form of Franchise Agreement we are using, at the time of its execution, to grant franchises for School of Rock Businesses generally. As a result, the forms of Franchise Agreement that you execute in exercising the Development Rights may be materially different from the form of Franchise Agreement that is attached as Exhibit C, except that the initial franchise fee shall remain $49,500, the continuing royalty fee shall remain 8% of Gross Sales, and the ongoing advertising fee shall remain 3% of Gross Sales.

1.3 Exclusivity. Provided you are in compliance with your obligations under this Agreement and under each Franchise Agreement between you and us, and except as otherwise provided in this Agreement, during the Term (defined below) of this Agreement, we will not establish or operate, nor license any party other than you to establish or operate, any School of Rock Business under the System and the Proprietary Marks at any location within the Development Area.

1.4 Reservation of Rights. We grant Development Rights and the rights to develop and operate School of Rock Businesses only pursuant to the express terms of written agreements and not orally. All rights that are not granted to you in this Agreement or under Franchise Agreements entered into between us and you are specifically reserved to us, and we will not be restricted in any manner from exercising them nor will we be required to compensate you should we exercise them. This includes the right, directly or through others and regardless of either (a) proximity to the Development Area or any School of Rock Business or (b) any actual or threatened impact on sales of any School of Rock Business, to:

1.4.1 use the Proprietary Marks and System in connection with establishing and operating School of Rock Businesses at any location outside the Development Area;

1.4.2 use the Proprietary Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Development Area), whether or not you also offer them, through channels of distribution other than a School of Rock Business (including, for example, other permanent or temporary retail locations, kiosks, catalogs, mail order, or the internet or other electronic means);

1.4.3 acquire, establish or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Development Area);

1.4.4 use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Development Area);

1.4.5 use the Proprietary Marks to perform, organize, sponsor, host or support any show, concert, or other live performance anywhere in the world (including within the Development Area);

1.4.6 enter into arrangements with international, national, or regional, franchised or non-franchised chains of independent facilities, such as pre-schools, day care centers, children's camps, and such other locations we reasonably designate from time to time in the Manuals or otherwise in writing (the "**Independent Facilities**") or similar parties (collectively, "**National Accounts**") to permit them to offer and sell the Little Wing Program, within or outside the Development Area, without any compensation to you; provided, however, that if we enter into any agreement with a National Account to provide products or services under the Little Wing Program at one or more Independent Facilities in your territory under any Franchise Agreement you execute pursuant hereto, and you have elected to offer the Little Wing Program in a Territory (as defined in the Franchise Agreement) that includes such facility, then we reserve the right under such Franchise Agreement to require you to offer, and you agree to offer, the Little Wing Program at such facilities on the same terms and conditions (including price terms) as we require, based on our agreement with such National Account; and

1.4.7 offer, or allow others to offer, the Little Wing™ Program anywhere in your Development Area, except as otherwise provided by a Franchise Agreement you have entered into hereunder.

2. DEVELOPMENT FEE

2.1 Development Fee. In consideration of the grant of the Development Rights, you shall pay us, upon your execution of this Agreement, a development fee of $_____ (the "**Development Fee**"), which is equal to $9,900 (20% of the current initial franchise fee) multiplied by the total number of School of Rock Businesses you are obligated to establish under the Development Schedule. The Development Fee is fully earned and non-refundable upon your execution of this Agreement in consideration of the administrative and other expenses we incur and for the development opportunities lost or deferred as a result of our granting the Development Rights to you.

2.2 Initial Franchise Fee Credit. Except as otherwise provided herein, we will apply the Development Fee as a credit against the initial franchise fees payable under each Franchise Agreement executed pursuant to this Agreement, subject to a maximum credit under any Franchise Agreement of $9,900 and a maximum credit for all such Franchise Agreements, in the aggregate, of the total amount of the Development Fee.

3. DEVELOPMENT OBLIGATIONS

3.1 Adherence to Development Schedule. Each period described in the Development Schedule is a "**Development Period**." You must sign Franchise Agreements for, and open and operate, School of Rock Businesses in the Development Area to satisfy the requirements of each

Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of School of Rock Businesses specified in the Development Schedule or during any particular Development Period. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

3.2 Execution of Franchise Agreements. In exercising the Development Rights and fulfilling your development obligations under this Agreement, you shall execute a Franchise Agreement for each School of Rock Business at a site we approve ("**Approved Location**") within in the Development Area. The Franchise Agreement for the first School of Rock Business developed hereunder shall be in the form of the Franchise Agreement attached as Exhibit C and shall be executed concurrently with this Agreement. Thereafter, you will execute our then-current form of Franchise Agreement after we have approved the site in accordance with Section 3.3 below but before you sign a lease for, or otherwise secure, the right to occupy the approved site.

3.3 Site Approval. Prior to your acquisition by lease or purchase of any site for a School of Rock Business, you must submit to us such information or materials as we may reasonably require for our approval of the site, including a letter of intent or other evidence satisfactory to us that confirms your favorable prospects for obtaining the proposed site. We will endeavor to notify you of our approval or rejection of the site, in our discretion, within 30 days after our receipt of all such information and materials. No proposed site will be deemed approved unless it has been expressly approved by us in writing. Our approval of any lease will be conditioned on the inclusion of the terms set forth in Section 3.4 below. You acknowledge and agree that our approval of a site for a School of Rock Business is entirely for our own purposes and does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the School of Rock Business or for any other purpose or the site's compliance with any federal, state or local laws, codes, or regulations, including the applicable provisions of the Americans with Disabilities Act, regarding the construction, design, or operation of the School of Rock Business. Our approval of the site indicates only that we believe it meets our acceptable minimum criteria established solely for our purposes as of the time of the evaluation. You understand that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from our criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond our control. We shall not be responsible for the failure of a site we approve to meet your expectations as to revenue or operational criteria.

3.4 Lease of Approved Location. We have the right to approve the terms of any lease or sublease for the Approved Location (the "**Lease**") before you sign it. Our approval of any Lease will be subject to your compliance with the terms and conditions of this Section 3.4. The Lease must contain certain provisions we require for our own purposes, including the following: (a) that the initial term of the lease, or the initial term together with renewal terms, shall be for not less than ten (10) years; (b) that the lessor consents to your use of such Proprietary Marks and initial signage as we may require for the School of Rock Business; (c) that the lessor and you

agree to include in the lease our standard Lease Rider, which is attached to the Franchise Agreement; (d) that the use of the Premises be restricted solely to the operation of the School of Rock Business; (e) that you be prohibited from subleasing or assigning all or any part of your occupancy rights or extending the term of or renewing the lease without our prior written consent; (f) that the lessor provide to us copies of any and all notices of default given to you under the lease; (g) that we have the right to enter the Premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and (h) that we have the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of your rights under the lease terms, including the right to assign or sublease.

4. TERM

4.1 Term. The term of this Agreement shall commence on the Effective Date and, unless sooner terminated as provided in this Agreement, shall expire on the earlier of: (1) the end of the last Development Period in the Development Schedule; or (2) the date when you have signed the Franchise Agreement for the last School of Rock Business required to be open under the Development Schedule.

5. DUTIES OF THE PARTIES

5.1 Our Obligations. We will do the following:

5.1.1 Provide such site selection guidelines and consultation as we deem advisable;

5.1.2 Review the information provided by you pursuant to Section 3.3 above for our approval of a site for the School, and conduct such on-site evaluations as we deem necessary in our discretion; you will be responsible for all of our out-of-pocket costs and expenses for such on-site evaluations; and

5.1.3 Provide such assistance for lease negotiation as we deem advisable in our discretion.

5.2 Your Obligations. In addition to your obligations with respect to exercise of the Development Rights, you must do the following:

5.2.1 If you are not an individual, you must:

5.2.1.1 Be newly organized and your charter shall at all times provide that your activities are confined exclusively to developing and operating School of Rock Businesses;

5.2.1.2 Promptly provide us with any as-filed copies of any amendments to your articles of formation and amendments to your bylaws or other governing documents;

5.2.1.3 Note on any equity certificates that such ownership is subject to the transfer restrictions set forth in this Agreement;

5.2.1.4 Maintain a current list of all owners of record and all beneficial owners of any class of your voting securities or securities convertible into voting securities and furnish the list to us upon request; and

5.2.1.5 Have all of your owners and their spouses execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E.

5.2.2 You must comply with all requirements of federal, state, and local laws, rules, and regulations.

5.2.3 You must comply with all of the other terms, conditions and obligations which apply to you under this Agreement.

5.2.4 You must provide us with the following records and reports in the form and format that we reasonably specify, delivered to us in the manner we specify:

5.2.4.1 within 7 days after the end of each month during the Term, or such other time period as we may require in our discretion, you must send us a report of your business activities during that month (or other time period), including information about your efforts to find sites for School of Rock Businesses in the Development Area and the status of development and projected openings for each School of Rock Business under development in the Development Area;

5.2.4.2 within 28 days after the end of each calendar quarter, you must provide us with your balance sheet and a profit and loss statement covering that quarter and the year-to-date; and

5.2.4.3 within 60 days after the end of each calendar year, you must provide us with an annual profit and loss and source and use of funds statements and a balance sheet for you and your Affiliates covering the previous year.

6. DEFAULT AND TERMINATION

6.1 Automatic Termination. This Agreement, and all rights granted herein, shall automatically and without notice terminate if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and consented to by you; if you are adjudicated a bankrupt or insolvent; if 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; if a receiver or other custodian (permanent or temporary) of your business or assets or any part thereof is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); if execution is levied against your business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of any of your School of Rock Businesses shall be sold after levy thereupon by any sheriff, marshal or constable.

6.2 Termination Upon Notice With Opportunity to Cure. For each of the defaults listed in this Section 6.2, we will give you written notice of such default (in the manner set forth under Section 9) and an opportunity to cure such default within thirty (30) days of your receipt of such notice. We will have the right to terminate this Agreement immediately upon notice to you if you fail to cure any default to our satisfaction, and provide proof of such cure within the thirty-day period. If applicable law requires a longer cure period, such period shall apply to our notice of default. Defaults which are susceptible of cure hereunder include the following:

6.2.1 Failure to promptly provide us with any documents required under Section 5.2.1;

6.2.2 Failure to comply with all requirements of federal, state, and local laws, rules, and regulations in accordance with Section 5.2.2; and

6.2.3 Failure to provide us with the records and reports required by Section 5.2.4.

6.3 Our Rights Upon Your Default. Except as otherwise provided in Sections 6.1 and 6.2, upon any other default by you, including your failure to comply with the Development Schedule and any transfer or assignment made in violation of Section 7.2, or if you fail to timely cure any default under Section 6.2, we will have the right, in our discretion, to:

6.3.1 terminate this Agreement and all rights granted hereunder without affording you any opportunity to cure the default, effective immediately upon receipt by you of written notice;

6.3.2 terminate the territorial protection granted under Section 1.3, and we will have the right to establish and operate, and license others to establish and operate, School of Rock Businesses within the Development Area;

6.3.3 terminate the initial franchise fee credit provided under Section 2.2 hereof;

6.3.4 reduce the number of School of Rock Businesses which you have the right to develop pursuant to the Development Schedule;

6.3.5 reduce the size of the Development Area;

6.3.6 withhold evaluation or approval of site proposal packages and refuse to approve the opening of any School of Rock Businesses to be developed hereunder; and

6.3.7 accelerate the Development Schedule.

6.4 Obligations Upon Termination or Expiration. Upon termination or expiration of this Agreement, you shall have no right to establish or operate any School of Rock Businesses for which a Franchise Agreement has not then been executed by us at the time of termination. We will have the right to establish and operate, and to license others to establish and operate, School of Rock Businesses under the System and the Proprietary Marks in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed by you and us.

6.5 Cross-Default. No default under this Agreement shall constitute a default under any Franchise Agreement between the parties hereto unless the basis for such default is also a basis for a default under the terms of the Franchise Agreement. Default under this Agreement shall constitute a default under any other development agreement between you or your affiliates and us.

6.6 No Exclusive Right or Remedy. No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or equity.

7. TRANSFERS

7.1 Our Right to Transfer. We shall have the right to transfer or assign this Agreement, and assign or delegate all or any part of our rights or obligations under this Agreement, to any person or legal entity, and any designated assignee of ours shall become solely responsible for all of our obligations under this Agreement from the date of the assignment. You shall execute such documents of attornment or other documents as we may request.

7.2 Your Conditional Right to Transfer. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted the Development Rights in reliance on your or your owners' business skill, financial capacity and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any person or entity which directly or indirectly owns any interest in you or in the School of Rock Businesses developed hereunder, shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") this Agreement, any direct or indirect interest in you, or in all or substantially all of the assets of the School of Rock Businesses developed hereunder without our prior written consent, which we may grant or withhold in our discretion. Any purported assignment or transfer not having our prior written consent shall be null and void and shall constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or at law or in equity.

7.3 Conditions of Transfer. If you or your owners propose to make a transfer, you shall notify us in writing at least 30 days before such transfer is proposed to take place. Should we elect to approve a proposed transfer, we may make our approval subject to certain conditions that we designate, including that:

7.3.1 all of your and your affiliates' accrued monetary obligations and all other outstanding obligations to us and our affiliates have been satisfied;

7.3.2 you and your affiliates are not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or your affiliates and us or our affiliates;

7.3.3 the transferor shall have executed a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our and their respective officers, directors, agents, shareholders, and employees;

7.3.4 the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement;

7.3.5 the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) either (a) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement, or (b) execute, for a term ending on the expiration date of this Agreement, our then-current form of development agreement and other ancillary agreements as we may require, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement, except that the Development Area and Development Schedule thereunder shall be the same as in this Agreement;

7.3.6 the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as we may request) demonstrate to our satisfaction that it meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to develop the School of Rock Businesses; has adequate financial resources and capital to develop the School of Rock Businesses; has not operated a business in competition with us; and that, if the proposed transferee or one or more of its owners is an existing School of Rock developer, we have determined, in our sole and absolute discretion, that such sale or transfer would not lead to an impermissible concentration of Schools in a particular developer or owner that may, in our business judgment, be detrimental to the School of Rock franchisee system;

7.3.7 transferor remain liable for all of the obligations of transferor prior to the effective date of the transfer and execute any and all instruments reasonably requested by us to evidence such liability;

7.3.8 each School of Rock Business which has opened and been approved for operation by us is in full compliance with all the conditions and terms of the applicable Franchise Agreements;

7.3.9 you shall pay to us a transfer fee in the amount of one-third (1/3) of our then-current initial franchise fee at the time of transfer; provided, however, in the case of a transfer to a corporation or limited liability company formed by you for the convenience of ownership (as determined by us in our discretion), no such transfer fee shall be required; and

7.3.10 the transferor shall have first offered to sell such interest to us pursuant to Section 7.5 hereof.

7.4 No Security Interest. You shall not grant a security interest in this Agreement or the Development Rights.

7.5 Our Right of First Refusal. If you or any party restricted under Section 7.2 proposes to make a transfer, your request for our consent to the proposed transfer shall include a copy of any proposed purchase agreement. You shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within 30 days after receipt of such written notification, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by

or offered to the third party. If we elect to purchase the seller's interest, closing on such purchase shall occur within 60 days from the date of our notice to the seller of our election to purchase. If we elect not to purchase the seller's interest, any material change thereafter in the terms of the offer to or from a third party shall constitute a new offer subject to our same rights of first refusal as in the case of the third party's initial offer. Our failure to exercise the option afforded by this Section 7.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 7, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are not for a cash sum, and are such that we may not reasonably be able to furnish the same consideration, terms and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within 30 days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by us at our expense, and the appraiser's determination shall be binding.

7.6 Death or Mental Incapacity. Upon your death, physical or mental incapacity of or that of any owner holding at least 25% of your ownership interests (if you are not an individual), the executor, administrator, or personal representative of such person shall transfer such interest to a third party acceptable to us within six (6) months after such death or mental incapacity. Such transfers, including transfers by devise or inheritance, shall be subject to the same conditions as described in Section 7.2 and Section 7.3. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 7, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party acceptable to us within six (6) months, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within six (6) months, we may terminate this Agreement, pursuant to Section 6 hereof.

7.7 Public or Private Offerings. You acknowledge that the written information used to raise or secure funds can reflect upon us and the System. You shall submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. Notwithstanding the foregoing, you acknowledge and agree that you may not engage in a public offering of securities without our prior consent.

7.8 Non-waiver. Our consent to a proposed transfer shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

8. COVENANTS

8.1 Best Efforts. You covenant that during the Term, except as otherwise approved in writing by us, you (or, if you are a legal entity, an owner of yours approved by us), or your full-time development manager, shall devote full time, energy, and best efforts to fulfilling your

obligations under this Agreement, including the development of the School of Rock Businesses pursuant to the Development Schedule.

8.2 Confidential Information. You shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the methods of operation of any business developed hereunder, including any operations manuals, curricula, customer lists and information, teaching methods and materials, innovations, ideas, plans, trade secrets, proprietary information, marketing and sales methods and systems, client protocols and training programs, sales and profit figures, employee lists, and relationships between us and our affiliates and other customers, clients, suppliers and others who have business dealings with us and our affiliates, which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement (the "**Confidential Information**"). You shall divulge such Confidential Information only to those of your employees as must have access to it in order to operate your business under this Agreement. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential shall be deemed confidential for purposes of this Agreement.

8.3 In-Term Covenant. You specifically acknowledge that, pursuant to this Agreement, you will receive valuable, specialized training and Confidential Information, including information regarding our operational, sales, promotional, and marketing methods and techniques. You covenant that during the term of this Agreement, except as we may otherwise approve in writing, you shall not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

8.3.1 Divert or attempt to divert any present or prospective business or customer of any School of Rock Business 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 Proprietary Marks and the System;

8.3.2 Employ or seek to employ any person who is at that time employed by us or any of our franchisees or developers, or otherwise directly or indirectly to induce such person to leave his or her employment; or

8.3.3 Own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that: (a) is substantially similar to a School of Rock Business; or (b) offers or sells services that are the same as or similar to the services being offered by a School of Rock Business under the System, including music instruction or live music performances.

8.4 Post-Term Covenant. You covenant that, except as we may otherwise approve in writing, you, your owners and members of your or their immediate families shall not, for a continuous uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Section 7 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.4, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person,

persons, partnership, corporation, or limited liability company, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which: (a)(i) is substantially similar to a School of Rock business; or (ii) offers or sells services that are the same as or similar to the services being offered by a School of Rock business under the System, including music instruction or live music performances; and (b) is, or is intended to be, located at or within:

8.4.1 The Development Area;

8.4.2 Ten (10) miles of the Development Area; or

8.4.3 Ten (10) miles of any School of Rock Business operating under the System and the Proprietary Marks.

Provided, however, that Sections 8.3.3 and 8.4 shall not apply to the authorized operation by you of a School of Rock business under the System pursuant to a Franchise Agreement. Before any violation of an activity restriction occurs, either we or you, upon written notice to the other, shall have the right to have determined whether the covenant contained in this Section 8.4 is a reasonable restriction by requesting that the scope of the restrictions be submitted to arbitration in accordance with Section 14.2 of this Agreement solely for the purpose of determining prospectively whether any reduction in the scope of the restrictions is appropriate. In such event, the decision of the arbitrator regarding the scope of the restriction shall be final and binding upon the parties. You shall not engage in any competitive activities in violation of this Section 8.4 pending resolution of the dispute. Any violation of the activity restrictions may be enforced in a court of law by injunction in accordance with Section 14.5 of this Agreement.

8.5 No Application to Equity Securities. Section 8.4 shall not apply to ownership by of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

8.6 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 8 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 8.

8.7 Reduction of Scope of Covenants. You understand and acknowledge that we shall have the right, in our discretion, to reduce the scope of any covenant set forth in Sections 8.3 and 8.4 in this Agreement or any portion thereof, without your consent, effective immediately upon your receipt of written notice thereof, and you agree to comply with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 13 hereof.

8.8 No Defense. You acknowledge that the existence of any claims which you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 8.

8.9 Irreparable Injury. You acknowledge that a violation of the terms of this Section 8 would result in irreparable injury to us for which no adequate remedy at law may be available; and you accordingly consent to the issuance of, and agree to pay all court costs and reasonable attorneys' fees incurred by us in obtaining, an injunction prohibiting any conduct in violation of the terms of this Section 8.

8.10 Confidentiality and Non-Competition Agreements. You shall require all of your owners, managers, assistant managers, and other such personnel having access to any of our Confidential Information to execute non-competition covenants and covenants that they will maintain the confidentiality of information they receive in connection with their ownership or employment by you. Such covenants shall be in the form attached hereto as Exhibit D.

9. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including private delivery or courier service), which shall not include electronic communication, such as e-mail, to the respective parties at the addresses shown in the opening paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party, to the attention of:

Notices to us: Attn: Chief Development Officer

Notices to you: Attn: _____

Notices shall be deemed to have been given at the date and time of delivery or of attempted delivery.

10. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

10.1 Independent Contractor. This Agreement does not create a fiduciary relationship between you and us. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever. During the Term, you shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement.

10.2 No Authority to Contract. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name. We will, in no event, assume liability for, or be deemed liable as a result of, any of your actions omissions, or any claim or judgment arising therefrom against us or you.

10.3 Indemnification. You shall indemnify and hold us and our affiliates, and our and their respective officers, directors and employees (collectively, the "**Indemnitees**") harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your operations hereunder, the operation of any School of Rock Businesses pursuant to Franchise Agreements executed pursuant hereto, or your breach of this Agreement, including those alleged to be caused by an Indemnitee's

negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by such Indemnitee's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event we incur any costs or expenses, including legal fees, travel expenses, and other charges, in connection with any proceeding involving you in which we are not a party, you shall reimburse us for all such costs and expenses promptly upon presentation of invoices. You acknowledge and agree that your indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude an Indemnitee from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

11. APPROVALS AND WAIVERS

11.1 No Warranties or Guarantees. We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, advice, consent, or suggestion under or in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

11.2 No Waiver. No failure on our part to exercise any power reserved to us by this Agreement, or to insist upon your strict compliance with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms herein. Our waiver of any particular default by you shall not affect or impair our rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Our subsequent acceptance of any payments due hereunder shall not be deemed to be a waiver of any preceding breach by you of any terms, covenants or conditions of this Agreement.

11.3 Approval and Consent. Whenever this Agreement requires our prior approval or consent, you must make timely written request to us for such consent. Except as otherwise provided in this Agreement, any approval or consent granted by us must be in writing.

12. SEVERABILITY AND CONSTRUCTION

12.1 Severability. Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid sections, parts, terms, and/or provisions shall be deemed not to be a part of this Agreement.

12.2 No Rights or Remedies Conferred. Anything to the contrary herein notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you or us and such of their respective successors and assigns as may be contemplated by Section 7 hereof, any rights or remedies under or by reason of this Agreement.

12.3 Promises and Covenants. You expressly agree to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

12.4 Captions and Headings. All captions and headings in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

12.5 Survival. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, shall so survive the expiration or termination of this Agreement.

12.6 Construction. Wherever we have reserved the right to take action "in our discretion," we may do so in our "sole" discretion unless otherwise provided. References in this Agreement to "including" mean "including, without limitation" or "including but limited to," as the context requires, unless otherwise provided. This Agreement may be executed in multiple copies, each of which will be deemed an original. Signatures delivered by facsimile or electronically shall be deemed and have the same force as an original.

13. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, if any, constitute the entire, full, and complete agreement between you and us concerning the subject matter hereof and supersede any and all prior agreements. Except as set forth in Section 8, no amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing. Nothing in this Agreement or in any related agreement between you and us is intended to disclaim the representations in the Franchise Disclosure Document we have provided to you.

14. APPLICABLE LAW AND DISPUTE RESOLUTION

14.1 Applicable Law. This Agreement shall be interpreted and construed exclusively under the laws of the Commonwealth of Pennsylvania. In the event of any conflict of law, the laws of Pennsylvania shall prevail, without regard to the application of Pennsylvania conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Pennsylvania and if you are located outside of Pennsylvania and such provision would be enforceable under the laws of the state in which you are located, then such provision shall be interpreted and construed under the laws of that state.

14.2 Arbitration. Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the entry, making, interpretation, or performance of either party under this Agreement shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. Such arbitration shall take place before a sole arbitrator in Philadelphia, Pennsylvania at a location we determine in our discretion, and you agree not to file an objection to such locale. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between you and us. This agreement to arbitrate shall survive any termination or expiration of this Agreement. No arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, or in any other manner, any person or party other than us and you and any person in privity with, or claiming through, in the right of, or on behalf of, us and you, unless both parties consent in writing. We have the absolute right to refuse such consent. All such proceedings for which consent is not granted shall be conducted on an individual, not a class-wide, basis.

14.3 Jurisdiction and Venue. Any action that is not otherwise subject to arbitration under Section 14.2 (including all appeals from or relating to arbitration hereunder), whether or not arising out of, or relating to, this Agreement, brought by you (or any of your owners) against us shall be brought in the U.S. District Court for the Eastern District of Pennsylvania, or, if such court does not have competent jurisdiction, in a state court located in such district. We shall have the right to commence an action against you in any court of competent jurisdiction. You waive all objections to personal jurisdiction or venue for purposes of this Section 14.3 and agree that nothing in this Section 14.3 shall be deemed to prevent us from removing an action from state court to federal court.

14.4 No Exclusivity. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.5 Injunctive Relief. Nothing in this Agreement (including Sections 14.2 and 14.3 above) shall bar our right to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause us loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

14.6 Limitation of Claims. You agree that any and all claims you have against us and/or our affiliates, principals, employees, and agents, arising out of, or relating to, this Agreement may not be commenced unless you bring them before the earlier of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) one (1) year after this Agreement expires or is terminated for any reason. You agree that any claim or action not brought within the periods required under this Section 14.6 shall forever be barred as a claim, counterclaim, defense, or set off.

14.7 Your Costs and Expenses. Except as expressly provided by Section 14.2 hereof, you shall pay all expenses, including attorneys' fees and costs, incurred by us, our affiliates, and our or their successors and assigns (a) to remedy any defaults of, or enforce any rights under, this Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

14.8 WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. YOU AND WE KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE OUR RESPECTIVE RIGHTS TO A TRIAL BY JURY AND WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT WE SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

15. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

15.1 Independent Investigation. You acknowledge that you have conducted an independent investigation of the business contemplated hereunder, and recognize that the business venture contemplated by this Agreement involves business risks and that your success will be largely dependent upon your ability as an independent businessman, or if you are a legal entity, your owners as independent businessmen. We disclaim the making of, and you disclaim receiving any warranty, representation or guarantee, express or implied, not contained expressly in this Agreement including as to the potential sales volume, profits, or success of the business venture contemplated by this Agreement. You also disclaim relying upon any such warranty, representation or guarantee in connection with your independent investigation of the business contemplated hereunder.

15.2 No Conflicting Agreements. You represent and warrant that you are not a party to or subject to any agreement that might conflict with the terms of this Agreement or prevent you from fully performing your obligations under this Agreement, and you agree not to enter into any such agreement.

15.3 Compliance With Anti-Terrorism Laws. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the "**Executive Order**"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order, the text of which is available at the Internet website address, www.ustreas.gov/offices/enforcement/ofac and published at https://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf. Accordingly, you represent and warrant that as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you, is designated under the Order as a person with whom we may not transact business, and that you (a) do not, and hereafter shall not, engage in any terrorist activity, (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity, and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

15.4 Acknowledgment of Receipt. You acknowledge that you received our current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or you paid any money to us. You further acknowledge that you received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that you waited at least seven (7) calendar days prior to executing them if any changes to such agreements were unilaterally and materially made by us.

15.5 Acknowledgment of Understanding; Opportunity to Consult. You acknowledge that you have read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that we have accorded you ample time and opportunity to consult with an attorney or other advisor of your own choosing about the potential benefits and risks of entering into this Agreement.

15.6 Electronic Records. You expressly consent and agree that we may provide and maintain all disclosures, agreements, amendments, notices, and all other evidence of transactions between you and us in electronic form. You expressly agree that electronic copies of this Agreement and related agreements between you and us are valid. You also expressly agree not to contest the validity of the originals or copies of this Agreement and related agreements, absent proof of altered data or tampering. You agree to execution of this Agreement and related agreements by electronic means and that such execution shall be legally binding and enforceable as an "electronic signature" and the legal equivalent of your handwritten signature.

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Agreement on the day and year first above written.

SCHOOL OF ROCK FRANCHISING LLC _____

By: _____

Name: _____

Title: _____

Date*: _____
(*This is the Effective Date)

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A TO
SCHOOL OF ROCK
DEVELOPMENT AGREEMENT

DISCLOSURE OF OWNERS
(To be complete if You are a Legal Entity)

1. Contact Person. The following individual is a shareholder, member, or partner of you and is the principal person to be contacted on all matters relating to the Development Agreement:

Name: _____

Address: _____

_____

Daytime Telephone No.: _____

Evening Telephone No.: _____

Facsimile No.: _____

E-mail Address: _____

2. Owners. The undersigned agree and acknowledge that the following is a complete list of all of the shareholders, partners, or members ("Owners") of you and the percentage interest of each individual:

Name	Position	Interest (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

EXHIBIT B TO
SCHOOL OF ROCK
DEVELOPMENT AGREEMENT

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. Development Area: Each School of Rock Business developed under this Development Agreement shall be located in the area described below and/or as indicated on a map attached hereto:

_____

_____

_____

2. Development Schedule: The Development Schedule is as follows:

Development Period	Number of School of Rock Businesses to be Opened During Development Period	Total Number of School of Rock Businesses You Must Have Operating in the Development Area as of the End of Each Development Period
Effective Date to _____, 20__		
_____, 20__ to _____, 20__		
_____, 20__ to _____, 20__		
_____, 20__ to _____, 20__		
_____, 20__ to _____, 20__		
_____, 20__ to _____, 20__		*

* This is the total number of School of Rock Business you have a right to develop in accordance with the terms of the Development Agreement.

EXHIBIT C TO
SCHOOL OF ROCK
DEVELOPMENT AGREEMENT

SCHOOL OF ROCK FRANCHISE AGREEMENT

The form of School of Rock Franchise Agreement currently offered by School of Rock Franchising LLC is attached.

EXHIBIT D TO
SCHOOL OF ROCK
DEVELOPMENT AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(For signature by all owners, managers, assistant managers, and other personnel having access to any Confidential Information)

In consideration of my being a _____ of _____ (the "Developer"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. By agreement dated _____, 20__ ("Development Agreement") between the Developer and School of Rock Franchising LLC (the "Company"), the Developer has acquired certain development rights from the Company and undertaken the obligation to establish and operate multiple School of Rock businesses (the "School of Rock Businesses") under the Company's trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of School of Rock businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion.

2. The Company possesses certain confidential information, knowledge or know-how concerning the methods of operation of the School of Rock Businesses, including operating manuals and teaching programs, methods and materials, which may be communicated to the Developer or of which the Developer may be apprised by virtue of the Developer's operation under the terms of the Development Agreement (the "Confidential Information"). Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of the Development Agreement and this Agreement.

3. I understand and acknowledge that, as an owner or employee of the Developer, the Company and the Developer will disclose some or all of the Confidential Information to me in furnishing to me initial and ongoing training, the operating manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of Developer's business and the School of Rock Businesses during the term of the Development Agreement, and I understand and acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. I understand and acknowledge that the Confidential Information is proprietary to the Company, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information

only in connection with my duties as an owner or employee of the Developer, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of the Developer under the Development Agreement.

6. Except as otherwise approved in writing by the company, I will not, while in my position with the Developer, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which: (a) is substantially similar to a School of Rock business; or (b) offers or sells services that are the same as or similar to the services being offered by a School of Rock business under the System, including music instruction or live music performances; and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Developer, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which: (a)(i) is substantially similar to a School of Rock business; or (ii) offers or sells services that are the same as or similar to the services being offered by a School of Rock business under the System, including music instruction or live music performances; and (b) is, or is intended to be, located at or within: (i) the Development Area, which I acknowledge has been described to me; or (ii) ten (10) miles of any School of Rock business operating under the System and the Proprietary Marks.

The prohibitions in this Section 6 do not apply to my interests in or activities performed in connection with a School of Rock business. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. I understand and acknowledge that the Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Agreement will cause the Company and the Developer irreparable harm; therefore, I acknowledge and agree that the Developer and/or the Company may apply for the

issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Developer and the Company all the costs it/they incur(s), including legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Developer and the Company, any claim I have against the Developer or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. Except as provided in Paragraph 8 above, the only way this Agreement can be changed is in writing signed by both the Developer and me.

Signature:_____

Name:_____

Address:_____

Title:_____

ACKNOWLEDGED BY DEVELOPER

By:_____

Name:_____

EXHIBIT E TO
SCHOOL OF ROCK
DEVELOPMENT AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to School of Rock Franchising LLC (the "Company") to execute the Development Agreement between the Company and _____ (the "Developer") dated _____, 20__ (the "Agreement"), the undersigned (the "Guarantors"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of the Developer's obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the Guarantors will immediately make each payment to the Company required of the Developer under the Agreement. The Guarantors hereby waive any right to require the Company to: (a) proceed against the Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from the Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against the Developer. Without affecting the obligations of the Guarantors under this Guarantee, the Company may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Developer, or settle, adjust, or compromise any claims against the Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by the Developer, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold the Company harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by the Developer to perform any obligation of the Developer under the Agreement, any amendment thereto, or any other agreement executed by the Developer referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Section 8 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by the Developer, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by the Company. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 14 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania. In the event of any conflict of law, the laws of Pennsylvania shall prevail, without regard to, and without giving effect to, the application of the Commonwealth of Pennsylvania conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 14 of the Agreement are hereby incorporated into this Guarantee by reference, and references to the Developer and the Franchise Agreement therein shall be deemed to apply to the Guarantors and this Guarantee, respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including private delivery, courier service, or facsimile), which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to the Company: School of Rock Franchising LLC
2101 E. El Segundo Blvd., Suite 102
El Segundo, California 90245
Phone: (720) 398-5981
Attn: Chief Development Officer

Notices to the Guarantors: _____
_____
_____
Fax: _____
Attn:_____

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the Guarantors have signed this Guarantee as of the date of the Agreement.

GUARANTORS

_____ By:_____
Witness/Attest Name:_____

_____ By:_____
Witness/Attest Name:_____

_____ By:_____
Witness/Attest Name:_____

_____ By:_____
Witness/Attest Name:_____

_____ By:_____
Witness/Attest Name:_____

_____ By:_____
Witness/Attest Name:_____

EXHIBIT G-1 TO
FRANCHISE DISCLOSURE DOCUMENT

SCHOOL OF ROCK FRANCHISE AGREEMENT

(See attached.)

SCHOOL OF ROCK

FRANCHISE AGREEMENT

TABLE OF CONTENTS

SCHOOL OF ROCK
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made as of the Effective Date between **SCHOOL OF ROCK FRANCHISING LLC**, a Pennsylvania limited liability company with its principal place of business at 2101 E. El Segundo Blvd., Suite 102, El Segundo, California 90245 ("**we**," "**us**" or "**our**"), and _____, a _____ with its principal place of business at _____ ("**you**" or "**your**"). The "**Effective Date**" is the date we sign this Agreement, as shown beneath our signature on the signature page.

RECITALS

A. We and our affiliates have devoted time, skill, effort, and money to develop, and may continue to develop, a distinctive system (the "**System**") relating to the establishment, operation and franchising of performance-based music schools (each a "**School of Rock Business**") that are required to operate pursuant to system standards that we designate from time to time (the "**System Standards**") and that are identified by certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including the marks "School of Rock," "School of Rock Music," "The School of Rock All-Stars," "The Rock School Venue," "Little Wing," and the School of Rock logo, as we designate, in writing, from time to time (collectively, the "**Proprietary Marks**").

B. School of Rock Businesses generally offer a rock music program that provides, among other things, individual music lessons, group rehearsals, performance experience, exclusive, limited access to the school and school equipment during business hours, and branded merchandise. The System includes a method for teaching students through performing in front of a paying audience in a real rock venue and organization of regional groups of elite students known as "The School of Rock All-Stars," and an optional music program for providing music instruction to young children under the mark "Little Wing" ("**Little Wing Program**"). We may change, improve and further develop the System from time to time.

C. You have requested that we grant you the right to establish, own and operate a single School of Rock Business. We are willing to grant you those rights, as described in this Agreement, in reliance on all of the information, representations, warranties and acknowledgements you and your owners (if you are a legal entity) have provided to us in support of your request.

IN CONSIDERATION of the covenants herein contained and other valuable consideration, receipt and sufficiency of which are acknowledged, you and we agree as follows:

1. GRANT

1.1 Grant of Franchise. We grant you the right, and you undertake the obligation, at your expense and on the terms and conditions set forth in this Agreement, to establish and operate one School of Rock Business only at and from the location identified in Exhibit A or as it may later be determined in accordance with Section 5.1 (the "**Approved Location**"). The School of Rock Business you are licensed to operate under this Agreement is referred to as the "**School**" and shall include the Little Wing Program described in Section 1.2 hereof.

1.2 Little Wing Program. You shall elect, in connection with your School of Rock Business, whether you will or will not offer the Little Wing Program at the Approved Location and/or at independent facilities, such as pre-schools, day care centers, children's camps, and such other locations we reasonably designate from time to time in the Manuals or otherwise in writing (the "**Independent Facilities**") under the terms and conditions described in this Agreement, and your choice shall be designated on Exhibit A and binding during the term of this Agreement.

1.3 Exclusive Territory. In Exhibit A, we have identified an exclusive territory around your School (the "**Territory**"). Provided you are in compliance with your obligations under this Agreement, and except as otherwise provided in this Agreement (including Section 1.4 below), during the Term (defined below) of this Agreement, we will not establish or operate, nor license any party other than you to establish or operate, a School of Rock Business at any location within the Territory.

1.4 Reservation of Rights. We grant franchises and the rights to develop and operate School of Rock Businesses only pursuant to the express terms of written agreements and not orally. All rights that are not granted to you in this Agreement are specifically reserved to us, and we will not be restricted in any manner from exercising them nor will we be required to compensate you should we exercise them. This includes the right, directly or through others and regardless of either (a) proximity to your School or Territory or (b) any actual or threatened impact on sales of your School, to:

1.4.1 use the Proprietary Marks and System in connection with establishing and operating School of Rock Businesses at any location outside the Territory;

1.4.2 use the Proprietary Marks or other marks in connection with selling or distributing any goods (including branded merchandise) or services anywhere in the world (including within the Territory), whether or not you also offer them, through channels of distribution other than a School of Rock Business (including, for example, other permanent or temporary retail locations, kiosks, catalogs, mail order, or the internet or other electronic means);

1.4.3 acquire, establish or operate, without using the Proprietary Marks, any business of any kind at any location anywhere in the world (including within the Territory);

1.4.4 use the Proprietary Marks in connection with soliciting or directing advertising or promotional materials to customers anywhere in the world (including within the Territory);

1.4.5 use the Proprietary Marks to perform, organize, sponsor, host or support any show, concert, or other live performance anywhere in the world (including within the Territory); and

1.4.6 enter into arrangements with international, national, or regional, franchised or non-franchised chains of independent facilities, such as pre-schools, day care centers, children's camps, and such other locations we reasonably designate from time to time in the Manuals or otherwise in writing (the "**Independent Facilities**") or similar parties (together with the Independent Facilities, "**National Accounts**").to permit them to offer and sell the Little Wing Program, within or outside the Territory, without any compensation to you; provided, however, that if we enter into any agreement with a National Account to provide products or services under the Little Wing Program at one or more Independent Facilities in your Territory, and you have elected to offer the Little Wing Program in your Territory, then we reserve the right to require you to offer, and you agree to offer, the Little Wing Program at such facilities on the same terms and conditions (including price terms) as we require, based on our agreement with such National Account; and

1.4.7 to offer, or allow others to offer, the Little Wing Program in your Territory if you have elected not to offer the Little Wing Program, as indicated on Exhibit A, or if your right to offer the Little Wing Program is terminated under Section 7.6.6.

1.5 Live Performances. Any live performance that is performed, organized, sponsored, hosted or supported by you or your owners or employees under the System or Proprietary Marks ("**Live Performance**") shall take place within the Territory, unless we approve otherwise in writing in advance, in which case you will comply strictly with any conditions we impose, including your sharing revenue (as provided in the Manual) with other franchisees whose School of Rock Business is located near the Live Performance.

1.6 Alternate Channels of Distribution. You may offer and sell approved products and services only from the School, except for approved Live Performances and, except as we otherwise approve in advance, and in such event only in accordance with the requirements of this Agreement and the procedures set forth in the Manual (as defined in Section 3.1.5 below). You may not offer or sell products through any other means or locations, including via the internet. You shall only offer or sell products and services to retail customers for their use and consumption and not for resale.

1.7 Supplementing the System. You acknowledge that we may, from time to time, supplement, improve, and otherwise modify the System and System Standards, and you agree to comply with all of our requirements in that regard, including offering and selling new or different products or services as we may specify.

2. TERM AND RENEWAL

2.1 Term. This Agreement shall begin on the Effective Date and, except as otherwise provided herein, shall continue until the 10th anniversary of the Effective Date (the "**Term**").

2.2 Successor Franchise. Subject to the conditions set forth in this Section 2.2, on expiration of this Agreement, you will be entitled to acquire a total of three (3) successor franchises for consecutive terms of five (5) years each. To acquire a successor franchise, you must:

2.2.1 give us written notice of your election to acquire a successor franchise no fewer than three (3) months nor more than six (6) months prior to the end of the then-current term;

2.2.2 renovate and modernize the School and premises from which the School operates (the "**Premises**") as we may reasonably require, including installing new equipment and renovating signs, furnishings, fixtures, and décor to reflect the then-current System Standards and image of the System;

2.2.3 not be in default of any provision of this Agreement or any other agreement between you and us or our affiliates; and you must have substantially complied with all the terms and conditions of such agreements during their respective terms (including timely payment of all monies owed under such agreements);

2.2.4 establish to our satisfaction that you have the right to remain in possession of the Premises for the duration of the term of the successor franchise or obtain our approval of a new location for the School for the duration of the term of the successor franchise;

2.2.5 at our option, execute our then-current form of franchise agreement and all related agreements, which shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including a higher royalty fee and advertising contribution and a smaller or modified Territory, except that you will not be required to pay an initial franchise fee;

2.2.6 execute, along with your owners, a general release, in a form we prescribe, of any and all claims, known or unknown, that you and your owners might have against us or our affiliates, and our or their respective officers, directors, agents, and employees;

2.2.7 comply with our then-current qualification and training requirements;

2.2.8 pay us a successor franchise fee in an amount equal to one-third (1/3) of our then-current initial franchise fee; and

2.2.9 be current with respect to your obligations to your lessor, suppliers, and any others with whom you do business.

3. OUR DUTIES

3.1 Our Services to You. In addition to our other obligations described throughout this Agreement, we will do the following:

3.1.1 Specifications. We will make available to you solely for use under this Agreement, our specifications for a prototypical School of Rock Business, including exterior and interior design and layout, fixtures, furnishings and signs. These specifications will not contain the requirements of any federal, state or local law, code or regulation (including those concerning the Americans With Disabilities Act ("ADA") or other rules governing public accommodations or commercial facilities for persons with disabilities), compliance with which is your sole obligation and shall be at your sole expense.

3.1.2 Training. We will provide training as set forth in Section 6 below.

3.1.3 On-Site Assistance. We will provide three (3) days of on-site supervision and assistance prior to or during the School's first Live Performance performed, organized, sponsored, hosted, or supported by you. You will be required to reimburse us for our costs of providing such assistance, including the costs of transportation, lodging, and meals of our representative(s).

3.1.4 Advertising and Promotional Materials. We will make available to you advertising and promotional materials in accordance with Section 12.

3.1.5 Manual. We will make available to you through a password protected website one copy of our confidential operating manual (the "**Manual**") in accordance with Section 9.

3.1.6 Ongoing Advice. After your School opens, we will provide, at times and in the manner we determine, advice, assistance, and written materials about operations, services, teaching methods, show selection, music development methods, music venue selections, music venue business issues, scheduling methods, sales methods, products, and marketing techniques.

3.1.7 Equipment List. We will provide you with a list of equipment needed to open the School and information regarding any discount packages that we may negotiate from time to time with suppliers from which you may purchase such equipment.

3.1.8 The School of Rock All-Stars. We may organize, manage, promote (including using the Brand Fund) and arrange for concerts to be performed by national and regional groups of student musicians called "The School of Rock All-Stars." The composition of the School of Rock All-Stars groups and how they operate are set forth in the Manual and may be changed by us from time to time. We have the right to all revenue generated from the activities of the School of Rock All-Stars.

3.1.9 Site Selection. In connection with your selection of an Approved Location (if one has not been approved prior to your execution of this Agreement), we will provide the site selection services described in Section 5.1.

3.2 Performance by Designee. Any duty or obligation imposed on us by this Agreement may be performed by any designee, employee, or agent as we may direct.

3.3 Fulfilling Our Obligations. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, we shall have the right, as we see fit: (a) to take into account the effect on, and the interests of, other franchised businesses and systems and in which we have an interest and on our own activities; (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we have an interest, or with our subsidiaries or affiliates; (c) to introduce proprietary and non-proprietary items or operational equipment used by the System into other franchised systems in which we have an interest; and/or (d) to allocate resources and new developments between and among systems, and/or our subsidiaries or affiliates.

4. FEES

4.1 Initial Franchise Fee. On execution of this Agreement, you shall pay us a non-refundable initial franchise fee of Forty-Nine Thousand Five Hundred Dollars ($49,500) (the "**Initial Franchise Fee**"). The entire Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into this Agreement and for our lost or deferred opportunity to enter into this Agreement with others.

4.2 Royalty Fee. You shall pay us, in the manner described in Section 4.5, a continuing royalty fee ("**Royalty**") in an amount equal to eight percent (8%) of Gross Sales. If you elected to offer the Little Wing Program, such Royalty shall include the payment of a royalty on Gross Sales from the Little Wing Program.

"**Gross Sales**" means all revenue generated at, from or in connection with the operation of your School, including from sales of all products and services conducted at, from or with respect to the School, Live Performances, Professional Performances (as defined in Section 7.5), and any Independent Facility, whether or not in compliance with this Agreement and whether such sales are evidenced by cash, check, credit, charge, account, barter or exchange. All Royalty and Brand Fund fees payable hereunder shall include Gross Sales from the Little Wing Program. Gross Sales do not include the sale of products or services for which refunds have been made in good faith to customers, the sale of equipment or furnishings used in the operation of the School, or any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. Gross Sales also include any insurance proceeds you receive for loss of business due to a casualty to or similar event at the School.

4.3 Brand Promotion Expenditures and Contributions. You shall make monthly expenditures and contributions for advertising and brand promotion as specified in Section 12.

4.4 Licensing Fees. You shall pay us our then-current music licensing fees for certain rights we negotiate from time to time, which may include the right to perform, use, and/or distribute, copyrighted music owned by third parties and licensed to us for your use and the use of your students in the operations of your School (collectively, the "**Licensed Materials**"), as further described in Section 7.7 below. We reserve the right to increase the music licensing fees from time to time upon one (1) month written notice to you.

4.5 Payments. All payments required by Sections 4.2, 4.4, 8.10, and 12 shall be paid by the tenth (10^{th}) day of each month. All payments required by Sections 4.2 and 12 shall be based on the Gross Sales from the preceding month. All such payments shall be made by direct deposit. Any payment not actually received by us on or before the date due shall be deemed overdue. If any payment is overdue, you shall pay us, in addition to the overdue amount, interest on such amount from the date it was due until received by us, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by applicable law, whichever is less. Entitlement to such interest shall be in addition to any other remedies we may have. You shall not be entitled to set off any payments required to be made under this Section 4 against any monetary claim you may have against us or our affiliates.

4.6 Bank Account. You shall deposit all Gross Sales into one bank account within two (2) days of receipt. You shall furnish to us, upon our request, the bank and account number, a voided check from the bank account, and written authorization for us to withdraw funds from the bank account via electronic funds transfer, without further consent or authorization, for all Royalty, Brand Fund contributions and other amounts due under this Agreement. You shall execute all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as we require. You agree to pay all costs associated with any such transfer. In the event you change banks or accounts for the bank account required by this Section 4.6, you shall, prior to such change, provide us such information concerning the new account and an authorization to make withdrawals therefrom.

5. DEVELOPMENT AND OPENING OF YOUR SCHOOL

5.1 Approved Location. If, as of the Effective Date, you have not located and we have not approved the location for your School, you will, within 90 days from the Effective Date, obtain our approval of a proposed site, and you and we will execute a revised Exhibit A to reflect the Approved Location. We will provide such site selection guidelines and consultation as we deem advisable in our discretion and provide such assistance for lease negotiation as we deem advisable in our discretion. Before you acquire by lease or purchase of a site for the School, you must submit to us such information or materials as we may reasonably require for our review of the site. No proposed site shall be deemed approved unless it has been expressly approved in writing by us. In addition to reviewing the information provided by you, we will have the right to conduct such on-site evaluations as we deem necessary in our discretion. You will be responsible for all of our reasonable out-of-pocket costs and expenses for such on-site evaluations. You acknowledge and agree that, if we recommend or give you information

regarding a site for the School, it is not a representation or warranty of any kind, express or implied, of the site's suitability for a School of Rock Business or any other purpose. Our recommendation indicates only that we believe that the site meets our then-acceptable criteria which have been established for our own purposes and are not intended to be relied on by you as an indicator of likely success. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and other factors included in or excluded from our criteria could change, even after our approval of the site or your development of the School, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we recommend or approve fail to meet your expectations. You acknowledge and agree that your acceptance of the franchise and selection of the Approved Location are based on your own independent investigation of the site's suitability for the School.

5.2 Lease of Approved Location. You must sign a lease or otherwise acquire a site for the Approved Location within 120 days from the Effective Date. We have the right to approve the terms of any lease or sublease for the Approved Location (the "**Lease**") before you sign it. Our approval of any Lease will be subject to your compliance with the terms and conditions of this Section 5.2.

5.2.1 The Lease must contain certain provisions we require for our own purposes, including the following: (a) that the initial term of the lease, or the initial term together with renewal terms, shall be for not less than ten (10) years; (b) that the lessor consents to your use of such Proprietary Marks and initial signage as we may require for the School; (c) that the lessor and you agree to include in the lease our standard Lease Rider, which is attached as Exhibit B; (d) that the use of the Premises be restricted solely to the operation of the School; (e) that you be prohibited from subleasing or assigning all or any part of your occupancy rights or extending the term of or renewing the lease without our prior written consent; (f) that the lessor provide to us copies of any and all notices of default given to you under the lease; (g) that we have the right to enter the Premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under this Agreement or under the lease; and (h) that we have the option, upon default, expiration or termination of this Agreement, and upon notice to the lessor, to assume all of your rights under the lease terms, including the right to assign or sublease.

5.2.2 You acknowledge and agree that any of our involvement in lease negotiations and our review and approval of the Lease are for our sole benefit and the benefit of the System. You agree that you are not relying on our lease negotiations, lease review or approval, or site approval for your benefit. You further acknowledge that you have been advised to obtain the advice of your own professional advisors before you sign a lease. You must not enter into a Lease or any other contract for the premises of your School without our prior written consent.

5.3 Construction. You shall construct and equip the School at your own expense, as necessary to satisfy the System Standards. Before commencing any construction, you must retain a qualified, licensed architect or engineer to prepare preliminary and final architectural drawings and specifications of the Premises in accordance with our standard specifications for a

School of Rock Business. Such preliminary and final drawings and specifications shall be submitted to us for our prior approval, which will not be unreasonably withheld. Our approval of architectural plans and specifications you submit to us for review will be limited to their conformance with our specifications and will not relate to your obligations with respect to any federal, state or local laws, codes or regulations regarding the construction, design and operation of the School, including the ADA, all of which will be your sole responsibility. The drawings and specifications shall not thereafter be changed or modified without our prior written approval. You or your contractor, at your or your contractor's expense, shall obtain such insurance, as described in Section 13.1, prior to beginning construction. We have the right to oversee any construction and to visit the site at any time to ensure compliance with our specifications. We also have the right to require you to submit periodic progress reports in such form and at such times as we determine.

5.4 Permits and Licenses. You will be responsible for obtaining all zoning classifications, business permits and licenses, certifications, and clearances required for the lawful construction and operation of the School, including, without limitation, any copyright licenses related to the music used in the operation of the School. Before you open the School, and after any major renovation, you must sign and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit C to certify that the School complies with the ADA.

5.5 Opening Deadline. If you have an Approved Location as of the Effective Date, you must complete all actions necessary to open the School and be prepared to commence operation of the School not later than 150 days after the Effective Date. If you do not have an Approved Location as of the Effective Date, you must complete all actions necessary to open the School and be prepared to commence operation of the School not later than 270 days after the Effective Date. The parties agree that time is of the essence in the opening of the School and that your failure to open the School within the time periods described in this Section 5.5 shall be a material default under this Agreement and will entitle us to terminate this Agreement pursuant to Section 15 hereof.

5.6 Opening Approval. You must provide us with written notice of your desire to open the School at least 30 days prior to your desired opening date. We reserve the right to inspect the School prior to its opening to determine whether your staff has been adequately trained and whether the School conforms to our standards and specifications and is ready for opening. Unless we waive the foregoing requirement, you may not open the School without our prior written approval and the on-site presence of our representative(s). We will endeavor not to unreasonably delay the opening of the School. In the event there is a change in the opening date, not caused by us, you will reimburse us for the greater of (a) our actual out-of-pocket costs and expenses incurred due to such delay, including travel costs and expenses for our representative(s), or (b) three hundred dollars ($300) for each additional day that our representative(s) is in your area beyond the scheduled visit as a result of delay in opening the School.

6. TRAINING

6.1 Initial Training Program. We offer an initial training program to franchisees (the "**Initial Training Program**"), which consists of a music direction curriculum ("**Music Direction Training Curriculum**"), a business operations curriculum ("**Business Operations Training Curriculum**") and a Little Wing Program curriculum ("**Little Wing™ Program Curriculum**"). Prior to opening the School, you (or, if you are a legal entity, an owner we approve) and your director of music ("**Music Director**") or senior faculty ("**Senior Faculty**") we approve shall attend and complete, to our satisfaction the Music Direction Training Curriculum and, if you elected to offer the Little Wing Program, the Little Wing™ Program Curriculum; and you (or, if you are a legal entity, an owner we approve) and your designated full-time manager of operations we approve ("**General Manager**") must attend and complete the Business Operations Training Curriculum. The Initial Training Program shall take place at such times and places as we designate, and may be provided via the Internet or by teleconference. We may, in our discretion, run the Music Direction Training Curriculum and Business Operations Training Curriculum consecutively.

6.2 Subsequent Managers. Any persons you subsequently employ in the position of Music Director, Senior Faculty, or General Manager must be approved by us and must also attend and complete, to our satisfaction, our Initial Training Program, as described in Section 6.1, within three (3) months of their date of hire.

6.3 Additional Programs. You (or your owners), your Music Director, your Senior Faculty, and your General Manager shall also attend such additional courses, seminars and other training programs as we may reasonably require from time to time and for which we may charge a fee.

6.4 Training Fees and Expenses. For the Initial Training Program, we will provide instructors and training materials at no charge to you for up to four (4) individuals. You shall pay us a training fee of one thousand dollars ($1,000) for each additional individual that attends the Initial Training Program, including any subsequent managers pursuant to Section 6.2. You shall be responsible for any and all other expenses incurred by you or your owners and managers in connection with attending all training programs described in this Section 6, including the costs of transportation, lodging, meals, and wages.

6.5 Employee Training. It shall be solely your responsibility to ensure that you train your new employees and current employees to perform their duties in a proper manner at the School provided, however, that at your request and at your sole expense, we may provide initial and additional training, as prescribed by us in the Manual or otherwise in writing from time to time, to any of your employees who have not attended the Initial Training Program as described in Section 6, but who will be providing direct, on-premises supervision of the School as described in Section 7.15. In the event that we provide training to your employees upon your request, you hereby release, indemnify and hold harmless us and our affiliates, agents, and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training and/or additional training of your employees as set forth herein.

7. OPERATION OF THE SCHOOL

7.1 Operating Standards. You understand and acknowledge that every detail of the System and the School is important to you, to us and to other School of Rock Businesses in order to develop and maintain high operating standards, to increase the demand for the products and services sold by all School of Rock Businesses, to protect and enhance our reputation and goodwill, to promote and protect the value of the Proprietary Marks, and other reasons.

7.2 School Operations. You shall use the Premises solely for the operation of the School; shall keep the School open and in normal operation for such minimum hours and days as we may specify in the Manual or otherwise direct from time to time; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining our consent; and shall operate the School in strict conformity with such methods, standards, and specifications as we may from time to time prescribe. You shall refrain from deviating from such standards, specifications, and procedures without our prior consent.

7.3 Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, you shall operate the School in strict conformity with such methods, standards, and specifications as we may from time to time prescribe. You agree to:

7.3.1 adhere to our curriculum as we prescribe from time to time;

7.3.2 designate at least one (1) Music Director or several Senior Faculty, who we shall approve, and attend and complete, to our satisfaction, the Initial Training Program;

7.3.3 maintain in sufficient supply as we may prescribe from time to time and use, at all times, only such products, materials, supplies, fixtures, furnishings, equipment, signs and services acquired from suppliers we designate or approve from time to time and that conform to our standards and specifications;

7.3.4 sell or offer for sale only such products, merchandise, and services as we have expressly approved for sale; sell or offer for sale all types of products, merchandise, and services we specify from time to time; refrain from any deviation from our standards and specifications without our prior written consent; and discontinue selling and offering for sale any products, merchandise, or services which we disapprove at any time;

7.3.5 sell all products and merchandise at retail, not at wholesale or for re-sale, and refrain from selling any products, merchandise, or services at any location other than the Approved Location, except for locations we approve for Live Performances or except as we otherwise approve;

7.3.6 operate the School in compliance with the System Standards as we may revise them from time to time;

7.3.7 refrain from selling, offering to sell, or permitting any other party to sell or offer to sell alcoholic beverages on the Premises; and

7.3.8 refrain from offering, selling, or advertising any products, merchandise, or services on the Internet without our prior approval.

7.4 Live Performances. You shall organize, manage, and promote at least three (3) Live Performances each calendar year. All Live Performances shall be on a date and at a time and location we approve and shall be organized and conducted in accordance with our standards and specifications as set forth in the Manual or otherwise in writing. You will be required to make a video recording of each of your Live Performances and shall provide us with a copy of such video recording upon our request. We will own all copyrights in and to the video recordings. You will be responsible for obtaining all necessary permits and licenses required for Live Performances and for complying with all applicable zoning and related laws and ordinances. You will provide proof of your compliance with these requirements on our request.

7.5 The Rock School Venue. You will have the right, but not the obligation, to establish a performance venue on the Premises of the School (the "**Rock School Venue**") for the purpose of hosting student rehearsals, Live Performances, and professional, non-student performances by known or established rock music bands ("**Professional Performances**"). The Rock School Venue shall be constructed and equipped in accordance with our standards and specifications as set forth in the Manual or otherwise in writing. Your use of the Rock School Venue for Live Performances must be approved by us in accordance with Section 7.4. The name of all proposed Professional Performances must be submitted to us in writing at least 30 days prior to the proposed date of the Professional Performance. We reserve the right to reject any proposed Professional Performance. You will be responsible for all costs of all Professional Performances, including appearance fees. All revenue generated from Professional Performances (including ticket sales) are part of the School's Gross Sales for purposes of calculating Royalty fees and Brand Fund contributions.

7.6 Little Wing Program. If you have elected to offer the Little Wing Program, as indicated on Exhibit A, you agree:

7.6.1 to offer the Little Wing Program only at your School of Rock Business, Independent Facilities located in your Territory, and at such facilities as we specify from time to time, and to offer the Little Wing Program at Independent Facilities located outside your Territory only with our prior written approval as to each facility. You acknowledge and agree that we reserve the right, from time to time, during the Term, to disapprove, in our discretion, your offering the Little Wing Program at any Independent Facility within or outside your Territory.

7.6.2 to provide music instruction to pre school children at the School of Rock Business and/or at Independent Facilities under the Little Wing Program as we require in the Manual or otherwise in writing from time-to-time;

7.6.3 to teach each Little Wing Program class using one (1) approved teacher's kit ("**Teacher Kit**"), and to provide each student one (1) approved student kit ("**Gig Bag**");

7.6.4 to purchase Teacher's Kits and Gig Bags from us, our affiliate, or our designated supplier at the then-current price described in the Manual or otherwise in writing from time to time; and

7.6.5 to purchase, upon your execution of this Agreement, at least one (1) Teacher Kit and an initial inventory of Gig Bags as we reasonably require, and to stock and maintain Teacher Kit(s) and Gig Bags in quantities sufficient to meet reasonably anticipated customer demand to adequately deliver the Little Wing Program; provided that you will not be required to purchase a Teacher Kit and initial inventory for any subsequent School of Rock Businesses if your existing inventory is sufficient to meet reasonably anticipated customer demand.

7.6.6 to achieve, within one (1) year after execution of this Agreement, minimum monthly Gross Sales from the Little Wing Program of at least $500 (the "**Little Wing Minimum**"), and to achieve the Little Wing Minimum each month thereafter. If you fail to achieve the Little Wing Minimum within one (1) year after execution of this Agreement, or fail to achieve the Little Wing Minimum in any month thereafter, we reserve the right, at our option, to terminate your right to offer and sell services under the Little Wing Program at the Approved Location and any Independent Facilities, effective immediately upon notice to you. In the event that we terminate your right to offer the Little Wing Program, we may offer and sell, or license other parties to offer and sell, the Little Wing Program to customers in your Territory; provided, however, that you shall continue to perform your remaining obligations under this Agreement. You acknowledge and agree that any default by you other than a default of the performance requirements described above in this Section 7.6, shall constitute a default of this Agreement, for which we shall have the rights and remedies described in Section 15.2 to 15.5 above.

7.7 Use of Copyrighted Materials. You shall be responsible for operating your School and requiring your students to play, perform, or otherwise use any copyrighted music owned by third parties ("Copyrighted Materials") in full accordance with the copyrights for such materials and in full compliance with the law. At our option, we may negotiate license agreements covering certain uses of Licensed Materials and, in such cases, shall require you to pay a music licensing fee to us or a third party to cover the cost of the licenses, as described in Section 4.4 above. You acknowledge and agree that the licenses we negotiate will not cover all possible uses of the Licensed Materials. You are responsible for operating your School within the terms of any license agreements we negotiate and in full compliance with all applicable copyright laws. We will communicate to you in the Manuals or otherwise in writing from time to time any copyright licensing arrangements we have made for Copyrighted Materials.

7.8 Fixtures, Furnishings, and Equipment. You shall purchase and install all fixtures, furnishings, supplies, equipment, décor, and signs as we may reasonably direct from time to time; and shall refrain from installing or permitting to be installed on or about the Premises, without our prior consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications.

7.9 Sources of Products and Services. All products and services offered or sold at or through the School, and other products, materials, supplies, paper goods, fixtures, furnishings and equipment used in the operation of the School, shall meet our then-current standards and specifications, as established from time to time. You shall purchase all such products and services for which we have established standards or specifications solely from suppliers that we approve or designate (which may be us and our affiliates). If we designate a specific supplier for specified products or equipment, you must use that use that supplier for the specified product or equipment. If we have not designated a specific supplier for certain products or equipment, and you desire to purchase products or equipment from a party other than an approved supplier, you shall submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require. We will attempt, within 30 days after our receipt of your request and completion of such evaluation and testing we deem appropriate, to notify you of our approval or disapproval of the proposed supplier. You may not sell or offer for sale any products of the proposed supplier until you have received our approval. We may from time to time revoke our approval of particular products, services or suppliers when we determine, in our discretion, that such products, services or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. You agree that you will use products and services purchased from approved suppliers solely for the purpose of operating the School and not for any other purpose, including resale.

7.10 Inventory. At the time the School opens, you shall stock all products and supplies we prescribe. Thereafter, you shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand.

7.11 Inspections. You will permit us and our agents to enter upon the Premises at any time during normal business hours, with or without notice, for the purpose of conducting inspections. You will cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request, and, upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as we determine, we will have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by us and to charge you a reasonable fee for our time and expenses in so acting, payable to us upon demand. The foregoing shall be in addition to such other remedies we may have.

7.12 Advertising and Promotional Materials. You shall ensure that all graphics, signs, advertising, and promotional materials, decorations and other items we specify bear the Proprietary Marks in the form, color, location, and manner we prescribe.

7.13 Maintenance of Premises. You shall maintain the School and Premises (including the adjacent public areas) in a clean, orderly condition and in excellent repair and make such additions, alterations, repairs and replacements to the School and Premises (but no others without our prior consent) as may be required for that purpose, including such periodic repainting or replacement of obsolete signs, furnishings, equipment, and décor as we may reasonably direct.

7.14 Refurbishment. At our request, but no more than once every three (3) years, unless sooner required by your lease, you shall refurbish the School and Premises to conform to the building design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new School of Rock Businesses. Such refurbishment may include structural changes, installation of new equipment, remodeling, redecoration and modifications to existing improvements.

7.15 On-Premises Supervision. The School shall at all times be under the direct, on-premises supervision of an individual who has satisfactorily completed the Initial Training Program as required by Section 6. You shall maintain a competent, conscientious, trained staff, including a Music Director or Senior Faculty who has completed the Initial Training Program. You shall take such steps as are necessary to ensure that your employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet such minimum standards, including such attire as we reasonably require, as we may establish from time to time in the Manual. You shall conduct a reasonable background check of all employees prior to hiring. You and your employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from the Proprietary Marks, the System or us. You shall take such steps as are necessary to ensure that your employees do not violate our policies relating to the use of Networking Media Sites (as defined in Section 8.10 below), including prohibiting employees from posting any information relating to us, the System, the Proprietary Marks, or the School on any Networking Media Site that is inconsistent with such policies. You shall not, however, prohibit or restrict any social media communications or activity by your employees which prohibition or restriction violates your employees' right to engage in protected concerted activity under the National Labor Relations Act.

7.16 Changes to the System. You shall not implement any change, amendment or improvement to the System without our prior consent. You shall notify us in writing of any change, amendment or improvement in the System which you propose to make, and shall provide us such information as we request regarding the proposed change, amendment or improvement. You acknowledge and agree that we shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to you.

7.17 Compliance With Lease. You shall comply with all the terms of your lease or sublease and all other agreements affecting the operation of the School; shall undertake best efforts to maintain a good and positive working relationship with your landlord and/or lessor; and shall refrain from any activity which may jeopardize your right to remain in possession of, or to renew the lease or sublease for, the Premises.

7.18 Notice of Violations. You shall furnish to us within two (2) business days after receipt thereof, a copy of any violation or citation which indicates your violation of any local law, regulation, or ordinance in the operation of the School or of the Lease.

7.19 Pricing and Coupon Sales. Unless prohibited by applicable law, we shall have the right to set maximum and minimum prices for the products and services you offer and sell. You

shall strictly adhere to the prices we establish. We retain the right to modify the prices from time-to-time in our reasonable discretion. You must comply with all of our policies regarding advertising and promotion, including the use and acceptance of coupons.

7.20 Mobile Apps. We may establish or use, and require you to use, one or more mobile applications (a "Mobile App") for online ordering or electronic payments, or any similar or related application for use in connection with the System. The term "Mobile App" shall include any application for use on smart phones, tablets, or other mobile devices, and may include a loyalty or reward program or other features. If we require you to use a Mobile App, then you shall comply with our requirements (as set forth in the Manual or otherwise in writing) for connecting to, and utilizing, such technology in connection with your operation of the School.

8. PROPRIETARY MARKS, TECHNOLOGY, AND COPYRIGHTED MATERIAL

8.1 Use of Proprietary Marks. You may use the Proprietary Marks only for the operation and promotion of the School in accordance with this Agreement. You agree that you will use only the Proprietary Marks we designate and will use them only in the manner we authorize and permit from time to time. Unless we otherwise authorize or require, in writing, you shall operate and advertise the School only under the name "School of Rock" and shall use all Proprietary Marks without prefix or suffix. You shall not use the Proprietary Marks as part of your corporate or other legal name or in any manner to incur any obligation or indebtedness on our behalf. You shall identify yourself as the owner of the School in the manner we require, including on invoices, order forms, receipts, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as we may designate. Any unauthorized use of the Proprietary Marks shall constitute an infringement of our and our affiliates' rights and will entitle us and our affiliates to exercise all of our and their rights under this Agreement, under applicable law or in equity. You shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.2 Protection of Proprietary Marks. You shall execute any documents we deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. You shall promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our or our affiliate's ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. You acknowledge that we or our affiliates have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We and our affiliates have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your authorized use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by us. If we determine that you have not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or

settlement, shall be borne by you. In the event of any litigation relating to your use of the Proprietary Marks, you shall execute any and all documents and do such acts as we determined to be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in doing such acts.

8.3 Ownership of Proprietary Marks. You understand and acknowledge that we or our affiliate is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and we have the right to use, and license others to use, the Proprietary Marks. You further agree that the Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System. During the Term and after its expiration or termination, you shall not directly or indirectly contest the validity of our or our affiliate's ownership of, or our right to use and to license others to use, the Proprietary Marks. Your use of the Proprietary Marks does not give you any ownership or other interest in or to the Proprietary Marks except the right to use them in accordance with this Agreement. All goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our and our affiliate's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be attributable to you for any goodwill associated with your use of the System or the Proprietary Marks.

8.4 Non-Exclusivity. Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to you is non-exclusive, and we thus have and retain the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks; (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks; and (d) to grant licenses thereto without providing any rights therein to you.

8.5 Discontinuance of Proprietary Marks. We reserve the right, in our discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and School of Rock Businesses. You must promptly comply with such changes, revisions and/or substitutions at your sole cost and expense. In that event, we will provide to you, at no cost, templates for new stationary and advertising materials. Your use of any such modified or substituted proprietary marks shall be governed by the terms of this Agreement to the same extent as the Proprietary Marks.

8.6 Computer System and Required Software.

8.6.1 We reserve the right to specify or require that you use certain brands, types, makes, and/or models of communications, computer systems, and hardware in the operation of the School, including: (a) back office and point of sale systems, data, audio, and video, systems for use at the School; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the "**Computer System**").

8.6.2 We have the right, but not the obligation, to develop or have developed for us, or to designate and require you to install: (a) computer software programs for use with the

Computer System, which may include web-based software programs (the "**Required Software**"); (b) updates, supplements, modifications, or enhancements to the Required Software; (c) the tangible media upon which you shall record data; and (d) the database file structure of the Computer System.

8.6.3 At our request, you shall purchase or lease, and thereafter maintain, the Computer System and any Required Software. We have the right at any time to remotely retrieve and use such data and information from your Computer System or Required Software that we deem necessary or desirable. You shall strictly comply with our standards and specifications for all items associated with your Computer System and any Required Software in accordance with our standards and specifications. You shall keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to the Computer System or Required Software as we direct from time to time in writing.

8.6.4 We have the right to require you to pay us third party licensing fees for any component of the Computer System or Required Software, including management systems and billing and accounting systems. We will pay such licensing fees collected from you directly to the third party suppliers. We also have the right to require you to pay these third party suppliers directly.

8.7 Data. All data provided by you, uploaded to our system from your system, and/or downloaded from your system to our system, is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. In addition, all other data created or collected by you in connection with the System, or in connection with your operation of the School (including consumer and transaction data), is and will be owned exclusively by us both during and after the Term. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you, at no additional cost, solely for the Term and solely for your use in connection with the establishment and operation of the School pursuant to this Agreement.

8.8 Privacy. Subject to commercial standards of reasonableness based upon local business practices in the Territory, we may, from time-to-time, specify the information that you shall collect and maintain on the Computer System, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to or derived from the School (including data pertaining to or otherwise about customers) is and shall be our exclusive property, and we hereby grant you a royalty-free nonexclusive license to use said data during the Term. You shall abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information. You shall not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior consent.

8.9 Extranet. We may, but will not be obligated to, establish a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet (an "**Extranet**"). If we establish an Extranet, then you shall comply with our requirements with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the School. The Extranet may include the Manual, training and other assistance materials, and management reporting solutions

(both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. We shall have the right to require you to install a video, voice and data system that is accessible by both us and you on a secure Internet website, in real-time, all in accordance with our then-current written standards. You shall comply with our requirements with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer systems as we may reasonably require.

8.10 Websites. We maintain a website at www.SchoolofRock.com ("**Our Website**") and have the right to promote on Our Website the School of Rock Businesses as we determine and in the manner we determine. We reserve the right to require you to pay us a monthly hosting fee that we designate for the hosting of the School on Our Website. Hosting fees may change over time if design and content require more bandwidth or functionality. Unless we otherwise approve, you shall not own, establish, or maintain a website for your School. The term "website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including any account, page, or other presence on a social or business networking media site such as Facebook, Twitter, LinkedIn, and on-line blogs and forums ("**Networking Media Site**"). However, we may require that you have one or more references or webpage(s), as we designate and approve in advance, within Our Website. We have the right to require that you not have any website other than the webpage(s), if any, made available on Our Website. However, if we approve a separate website for you (which we are not obligated to approve; and, which approval, if granted, we may later revoke), then each of the following provisions shall apply:

8.10.1 Any website owned, established, or maintained by or for your benefit shall be deemed "advertising" under this Agreement and will be subject to, among other things, our prior review and approval;

8.10.2 Before establishing any website, you shall submit to us, for our prior approval, a sample of the proposed website domain name, format, visible content (including proposed screen shots), and non-visible content (including meta tags) in the form and manner we may reasonably require;

8.10.3 If approved, you shall not materially modify such website without our prior approval as to such proposed modification;

8.10.4 You shall comply with the standards and specifications for websites that we may periodically prescribe;

8.10.5 If we require, you shall establish such hyperlinks to Our Website and other websites as we may request in writing; and

8.10.6 You shall not make any posting or other contribution to a Networking Media Site relating to us, the System, the Proprietary Marks, or the School that (a) is derogatory, disparaging, or critical of us or the System, (b) is offensive, inflammatory, or indecent, (c) harms

the goodwill and public image of the System and/or the Proprietary Marks, or (d) violates our policies relating to the use of Networking Media Sites.

8.11 Domain Names. If we grant our approval for your use of a generic, national, and/or regionalized domain name, we will have the right to own and control said domain name at all times and may license it to you for the Term on such terms and conditions as we may reasonably require (including the requirement that you reimburse us costs for doing so). If you already own any domain names, or hereafter register any domain names, then you shall notify us in writing and assign said domain names to us and/or a designee that we specify in writing.

8.12 Online Use of Proprietary Marks and E-mail Solicitations. You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium, except as specifically issued or approved by us. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining our written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you shall be solely responsible for compliance with all laws pertaining to e-mails, including the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

8.13 No Outsourcing without Prior Approval. You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior approval. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that is provided by us. The provisions of this Section 8.13 are in addition to and not instead of any other provision of this Agreement.

8.14 Changes to Technology. Changes to technology are dynamic and not predictable within the Term. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, we have the right to establish reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards we establish from time to time as if this Agreement were periodically revised for that purpose.

8.15 Notification of Claims. You must promptly notify us of any claim against you arising from your use of the Copyrighted Materials. You acknowledge that we or our affiliates have the right, but not the obligation, to direct and control any administrative proceeding or litigation involving the Copyrighted Materials, including any settlement thereof. In the event of any litigation relating to your use of the Copyrighted Materials, you shall execute any and all documents and do such acts as we determined to be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. If we determine that you have not used the Copyrighted Materials in accordance with the copyrights and any license agreements, you must indemnify us for any costs and expenses (including legal fees) that we incur. We are not required to indemnify you for any claims arising out of your use of the Copyrighted Materials.

9. CONFIDENTIAL OPERATING MANUAL

9.1 Standards of Operation. In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you shall operate the School in accordance with the standards, methods, policies, and procedures specified in the Manual. We will make available the Manual to you through a password protected website for the term of this Agreement upon completion by you of our Initial Training Program to our satisfaction. The Manual may consist of multiple volumes of printed text, computer disks, other electronically stored data, DVDs, and videotapes, all of which shall be Confidential Information as defined in Section 10.1. You acknowledge and agree that we may provide all or a portion of the Manual (including updates and amendments), and other instructional information and materials, in or via electronic media, including through the Internet. The Manual shall remain our sole property and shall be kept in a secure place on the Premises.

9.2 Revisions to Manual. We may from time to time revise the contents of the Manual, and you expressly agree to comply with each new or changed standard. You shall ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy we maintain at our home office shall be controlling.

10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. You shall not, during or after the Term, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the development or operation of a School of Rock Business (including your School), including the Manual, curricula, customer lists and information, teaching methods and materials, innovations, ideas, plans, trade secrets, proprietary information, marketing and sales methods and systems, client protocols and training programs, sales and profit figures, employee lists, and relationships between us and our affiliates and other customers, clients, suppliers and others who have business dealings with us and our affiliates, which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement (the "**Confidential Information**"). You shall divulge such Confidential Information only to such of your employees as must have access to it in order to operate the School. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential shall be deemed confidential for purposes of this Agreement.

10.2 Irreparable Injury. You acknowledge that any failure by you to comply with the requirements of this Section 10 will cause us and our affiliates irreparable injury. You shall pay all court costs and reasonable attorneys' fees we and our affiliates incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10, or such other relief as may be sought.

11. ACCOUNTING AND RECORDS

11.1 Monthly Gross Sales. You shall record all sales on the Computer System using the Required Software or on any other equipment we specify from time to time. You shall maintain a monthly record of all Gross Sales (including without limitation separate gross sales for the Little Wing Program) and expenses for the preceding month using the Computer System and Required Software. You shall provide us with such monthly record by the tenth (10^{th}) day of the following month by such means as we designate. Any report not actually received by us on or before such date shall be deemed overdue. If a report is overdue, all monthly payments to us for that month, whether or not timely received, shall be deemed overdue until such time as we have received the required report, and interest shall be chargeable as provided in Section 4.5.

11.2 Other Reports. Upon our request, but not more often than once per month, you shall submit to us in the form we prescribe, within 15 days of our request, unaudited financial statements showing the results of operations of the School during the preceding calendar month, and such other forms, reports, records, information and data as we may reasonably designate.

11.3 Annual Financial Statements. You shall submit to us in the form we prescribe, within 30 days after the end of each fiscal year, your financial statements for the preceding fiscal year, including a complete and accurate profit and loss statement and balance sheet, which may be unaudited but, upon our request, shall be reviewed in accordance with generally accepted accounting principles.

11.4 Preservation of Records. You shall prepare, and shall preserve for at least three (3) years from the dates of their preparation, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner we prescribe from time to time in writing.

11.5 Inspection and Audit. We and our designated agents shall have the right at all reasonable times and without prior notice to examine, copy, and/or personally review at our expense, your books, records, accounts, and tax returns. We shall have the right at all reasonable times to remove such books, records, accounts and tax returns for copying. We shall also have the right, at any time, to have an independent audit made of your books and records. If an inspection or audit should reveal that any income or sales have not been reported or have been understated in any report to us, then you shall immediately pay to us the amount underpaid upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, plus all of our costs and expenses in connection with the inspection or audit, including travel costs, lodging and wage expenses, and reasonable accounting and legal fees and costs. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or otherwise at law or in equity.

11.6 Electronic Records. You expressly consent and agree that we may provide and maintain all disclosures, agreements, amendments, notices, and all other evidence of transactions between you and us in electronic form. You expressly agree that electronic copies of the Franchise Agreement and related agreements between you and us are valid. You also expressly

agree not to contest the validity of the originals or copies of the Franchise Agreement and related agreements, absent proof of altered data or tampering. You agree to execution of the Franchise Agreement and related agreements by electronic means and that such execution shall be legally binding and enforceable as an "electronic signature" and the legal equivalent of your handwritten signature.

12. ADVERTISING AND PROMOTION

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, you agree as follows:

12.1 Grand Opening Marketing. Beginning 60 days before the grand opening of the School, and within 30 days after the grand opening, you shall conduct an initial, grand opening local advertising, marketing, and promotional program in the form and manner we approve or prescribe. You shall spend no less than $10,000 on such grand opening advertising, marketing, and promotion. Included in this $10,000 shall be the purchase from our designated supplier of a "Kick It Open Kit," as specified in the Manual.

12.2 Local Advertising. During the Term, you shall spend, on an annual basis, at least an amount equal to three percent (3%) of the Gross Sales of the School on local marketing, advertising, and promotion in such manner as we may direct or approve in writing. Your expenditures under this Section 12.2 shall be made during each successive twelve (12) month period following the date the School opens based on the Gross Sales from such twelve (12) month period. We have the right to request written documentation evidencing your expenditures on local advertising, and if there is any deficiency in your expenditures below the three percent (3%) minimum, you shall be obligated to make up the difference by expending such amount in the subsequent 12-month period in addition to the amounts required under this Section 12.2.

12.3 Brand Fund Contribution. During the Term, you shall pay to the System's advertising and brand promotion fund (the "**Brand Fund**") a monthly fee equal to three percent (3%) of Gross Sales of the School for the preceding month. Contributions to the Brand Fund shall be in addition to any expenditures made pursuant to Sections 12.1 and 12.2 hereof and shall be made in accordance with Section 4.5.

12.4 Administration of Brand Fund. We or our designee will maintain and administer the Brand Fund as follows:

12.4.1 We and our designees will have the sole authority to direct all advertising, marketing, and promotional programs of the Brand Fund, and will have discretion over all aspects of such programs, including concepts, materials, and media used in such programs and the placement and allocation thereof. The Brand Fund is intended to maximize general public recognition, acceptance, and use of the System and Proprietary Marks, and we are not obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportionate to your contribution, to make expenditures in your geographical area,

or to ensure that you benefit directly or on a pro rata basis from expenditures or activities of the Brand Fund.

12.4.2 The Brand Fund will be used, in our discretion, to pay for developing and conducting activities that we believe will enhance the goodwill associated with the Proprietary Marks and the image of the System and to pay for the administration of the Brand Fund and its programs (up to 15% of the total Brand Fund annually may be used to cover our or our designee's costs and overhead for activities reasonably related to the administration of the Brand Fund, including, among other things, costs and salaries of our or our designee's personnel who perform services for the Brand Fund). The Brand Fund's activities may include, among other things, conducting and preparing advertising, marketing, public relations, customer surveys, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including: preparing and conducting radio, television, print, and Internet-based advertising campaigns; marketing and promoting the School of Rock All-Stars and Live Performances; utilizing Networking Media Sites and other emerging media or promotional tactics; developing, maintaining, and updating Our Website on the Internet; direct mail advertising; marketing surveys; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; purchasing point-of-purchase items; providing promotional and other marketing materials and services to the businesses operating under the System; and advertising for the sale of franchises.

12.4.3 Except as provided in Section 12.4.2 above, the Brand Fund and any earnings thereon shall not otherwise inure to our benefit. We will maintain separate bookkeeping accounts for the Brand Fund and may, but will not be required to, cause Brand Fund contributions to be deposited into one or more separate bank accounts. The Brand Fund is not a trust, and we are not a fiduciary with respect to, or a trustee of, the Brand Fund or the monies therein. However, we may, in our discretion, separately incorporate the Brand Fund or create a Brand Fund trust, over which we may be the trustee, into which Brand Fund contributions may be deposited.

12.4.4 It is anticipated that all contributions to and earnings of the Brand Fund will be expended for advertising and/or promotional purposes during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, such amounts shall be expended no later than the end of the taxable year following the year of receipt.

12.4.5 We reserve the right to terminate and to thereafter re-institute the Brand Fund in our discretion. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for advertising and/or promotional purposes or, at our option, returned to its contributors on the basis of their respective contributions.

12.5 Advertising Materials. All of your advertising and promotion shall be in such media and of such type and format as we may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as we may specify. You shall not use any advertising or promotional plans or materials unless and until you have received our approval, pursuant to the procedures and terms set forth in Section 12.6. We may make available to you

from time to time, at your expense, such advertising and promotional materials, including merchandising materials, point-of-purchase materials, and materials for special promotions as we determine.

12.6 Approval of Advertising Materials. You shall submit for our prior review and approval all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including the Internet) that you desire to use and that we did not prepare or previously approve (and not subsequently disapprove) within the preceding six (6) months. You shall not use such plans or materials until we have approved them. If we do not provide you with our approval within 15 days of our receipt of samples or materials, they will be deemed to have been disapproved. Our approval under this Section 12.6 will not be unreasonably withheld or delayed.

12.7 Search Engine Listings. You shall, in addition to all other expenditures required under this Section 12, list and advertise your School on all major internet search engines (for example, Google Local and CitySearch) as set forth in the Manual or otherwise in writing.

12.8 Advertising Cooperatives. We have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("**Cooperative**"), and to determine whether a Cooperative is applicable to your School. We will have the power to require the Cooperative to be formed, changed, dissolved, or merged. Each Cooperative shall be organized and governed in accordance with written governing documents, which we must approve, and such documents shall control the date of commencement and the operation of the Cooperative. Each School of Rock Business participating in the Cooperative will have one vote on any matter requiring member approval, and each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative up to three percent (3%) of the School's Gross Sales during any calendar year, unless two-thirds of the members of the Cooperative vote in favor of a greater contribution. Any payments you make to a Cooperative will be credited towards the expenditure required to be made under Section 12.2. If a Cooperative has been established in your area prior to opening the School, you must become a member of the Cooperative no later than 30 days after opening the School. If a Cooperative is established subsequent to your School's opening, you must become a member of the Cooperative when it is required to be formed. If the School is within the territory of more than one Cooperative, you will not be required to be a member of more than one Cooperative within that territory.

13. INSURANCE

13.1 Minimum Insurance Requirements. You shall procure, prior to the commencement of any activities or operations under this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) an insurance policy or policies protecting you, us, and your and our respective officers, directors, partners, agents and employees against any demand or claim with respect to personal injury, death or property damage, business interruption, or any loss, liability

or expense whatsoever arising or occurring upon or in connection with the School, including comprehensive general liability insurance, property insurance (including fire, vandalism, and malicious mischief insurance for the replacement value of the School and its contents), casualty insurance, business interruption insurance, statutory workers' compensation insurance, employer's liability insurance, product liability insurance, and automobile insurance coverage for all vehicles used in connection with the operation of the School (including all operations that may occur off of the Premises). Such policy or policies shall be written by a responsible carrier or carriers acceptable to us, shall name us and our designated affiliates as additional named insureds, and shall provide at least the types and minimum amounts of coverage specified in the Manual. We shall have the right, from time to time, to make such changes in minimum insurance policy limits and endorsements as we may determine in our reasonable discretion. Prior to the commencement of any operations under this Agreement, and thereafter at least 30 days prior to the expiration of any policy, you must deliver to us Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than 30 days' prior written notice shall be given to us in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

13.2 Our Right to Procure Insurance. In addition to any other remedies we may have under this Agreement or at law or in equity, if, for any reason, you fail to procure or maintain the insurance required by this Agreement, we will have the right and authority (but not the obligation) to procure and maintain such insurance in your name and to charge same to you, which charges, together with our reasonable expenses in so acting, shall be payable by you immediately upon notice.

14. TRANSFER OF INTEREST

14.1 Our Right to Transfer. We may transfer or assign this Agreement and all or any part of our rights or obligations herein to any person or legal entity, and any designated assignee shall become solely responsible for all of our obligations under this Agreement from the date of assignment. You must execute such documents of attornment or other documents as we may request.

14.2 Your Right to Transfer. The rights and duties set forth in this Agreement are personal to you, and we have granted this franchise in reliance on your (or your owners') business skill, financial capacity and personal character. Accordingly, neither you nor any immediate or remote successor to any part of your interest in this Agreement, nor any of your owners (if you are a legal entity), shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "**transfer**") this Agreement or any direct or indirect interest in you or in all or substantially all of the assets of the School without our prior written consent, which we will not unreasonably withhold or delay. You may not advertise or make any offer for the transfer of the School without our prior written consent. Any purported assignment or transfer not having our written consent will be null and void and shall constitute a material breach of this Agreement, for which we may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement. The foregoing remedies shall be in addition to any other remedies we may have under this Agreement or at law or in equity.

14.3 Conditions to Transfer. You must notify us in writing of any proposed transfer at least 60 days before such transfer is proposed to take place. We will assess the proposed transfer and proposed transferee and may condition our consent (if we decide to grant consent) on such conditions that we determine are appropriate to protect the System, the Proprietary Marks and the School, including:

14.3.1 That all of your accrued monetary obligations and all other outstanding obligations to us and our affiliates have been satisfied;

14.3.2 That you are not in default of any provision of this Agreement or any other agreement between you and us or our affiliates;

14.3.3 That the transferor and your owners and, if the transferee owns other School of Rock Businesses, the transferee and its owners shall have executed a general release, in a form we prescribe, of any and all claims against us and our affiliates, and our and their respective officers, directors, agents, shareholders, and employees;

14.3.4 That the transferee (and, as applicable, its owners) either (a) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations under this Agreement, or (b) execute, for a term ending on the expiration date of this Agreement, our then-current form of franchise agreement and other ancillary agreements as we may require for the School, which agreements shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including a higher royalty fee and advertising contribution, except that you will not be required to pay an initial franchise fee and the Territory will remain the same.

14.3.5 That the transferee (and its owners) demonstrates to our satisfaction that it meets our educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the School; has adequate financial resources and capital to operate the School; is not currently operating and has not previously operated a business in competition with us; is not subject to any non-competition agreement that would bar its operation of the School and that, if the proposed transferee or one or more of its owners is an existing School of Rock franchisee, we have determined, in our sole and absolute discretion, that such sale or transfer would not lead to an impermissible concentration of Schools in a particular franchisee or owner that may, in our business judgment, be detrimental to the School of Rock franchise system;

14.3.6 That you remain liable for all of the obligations to us in connection with the School which arose prior to the effective date of the transfer and execute any and all instruments we reasonably request to evidence such liability;

14.3.7 That the transferee (or its owners) and the transferee's Music Director(s) or Senior Faculty, at the transferee's expense, successfully complete any training programs then in effect upon such terms and conditions as we may reasonably require;

14.3.8 That the terms and conditions of the transfer agreement between the transferee and you be acceptable to us; and

14.3.9 That you pay to us a transfer fee in an amount equal to one-third (1/3) of our then-current initial franchise fee at the time of transfer.

Our consent to a transfer shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

14.4 No Security Interest. You shall not grant a security interest in your rights under this Agreement, the School, or any of the assets of the School without our prior consent. We may impose such conditions on our consent (if we decide to grant it) that we believe are necessary to protect our rights under this Agreement and in and to the System and the Proprietary Marks.

14.5 Our Right of First Refusal. If any transfer is proposed, you shall notify us and shall provide such information and documentation relating to the proposed transfer (including any prospective transferee's offer) and transferee as we may require. We will have the right and option, exercisable within 30 days after our receipt of such written notification and information, to notify you that we intend to purchase the interests on the same terms and conditions offered by the third party. If we elect to purchase the interests, closing on such purchase shall occur within 30 days from the date of our notice of our election to purchase. If the consideration, terms and/or conditions offered by a third party are such that we are not reasonably able to furnish the same types of consideration, terms and/or conditions, then we may purchase the interests proposed to be transferred for the reasonable equivalent in cash. If you and we cannot agree within 30 days on the reasonable equivalent in cash, an independent appraiser shall be designated by us at our expense, and the appraiser's determination shall be binding. If we elect not to purchase the interests or fail to timely notify you of our election, you may proceed, subject to our consent and satisfaction of any conditions we impose on such consent (as described in Section 14.2 and 14.3), to conclude the transfer on the terms set forth in your notice to us. Any material change in the terms of the offer from a third party shall constitute a new offer subject to our same rights of first refusal as in the case of the third party's initial offer. Our failure to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer.

14.6 Death or Incapacity. Upon your death, physical, or mental incapacity or that of any of your owners, the executor, administrator, or personal representative of such person shall transfer such interest to a third party we approve within six (6) months after such death or incapacity. Such transfers, including transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party we approve within six (6) months, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement.

14.7 Transfer to a Wholly Owned Legal Entity. If you are in full compliance with this Agreement, you may, with 30 days' prior notice to us, transfer this Agreement and the School to a corporation or limited liability company which conducts no business other than your School and, if applicable, other School of Rock Businesses, in which you maintain management control, and of which you own and control 100% of the equity and voting power of all issued and outstanding ownership interests, provided that all of the assets of your School are owned, and the business of your School is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement, and you must agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur. You will not be required to pay a transfer fee in connection with a transfer under this Section.

14.8 Public or Private Offerings. You acknowledge that the written information used to raise or secure funds can reflect upon us and the System. You shall submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. Notwithstanding the foregoing, you acknowledge and agree that you may not engage in a public offering of securities without our prior written consent.

15. DEFAULT AND TERMINATION

15.1 Automatic Termination. You shall be deemed to be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice or opportunity to cure, if: you become insolvent or make a general assignment for the benefit of creditors; a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; you are adjudicated bankrupt or insolvent; 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; a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against you; a final judgment remains unsatisfied or of record for 30 days or longer (unless supersedeas bond is filed); you are dissolved; execution is levied against your business or property; suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within 30 days; or the real or personal property of the School is sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Termination Without Opportunity to Cure. In addition to the foregoing, upon the occurrence of any of the following events of default, we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon notice to you, if:

15.2.1 you fail to locate an approved site or to construct and open the School within the time limits provided in Section 5;

15.2.2 you or the other individuals identified in Section 6.1 fail to complete the Initial Training Program to our satisfaction, or fail to attend additional training as described in Section 6.3;

15.2.3 you at any time cease to operate or otherwise abandon the operation of the School, or lose the right to possession of the Premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the School is located; however, if, through no fault of yours, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within 60 days thereafter, then you shall have 30 days after such event in which to apply for our approval to relocate and/or reconstruct the Premises within the Territory, which approval shall not be unreasonably withheld;

15.2.4 you or any of your owners, officers, or directors, are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or our interest therein; or if you or any of your owners, officers, or directors commit any acts or engage in any behavior that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interest therein, including conduct that is fraudulent, unfair, unethical, or deceptive;

15.2.5 a threat or danger to public health or safety results from the construction, maintenance, or operation of the School;

15.2.6 any purported transfer is made to any third party without our prior written consent, or otherwise contrary to the terms of Section 14 hereof;

15.2.7 an approved transfer is not effected within the time provided following death or mental incapacity, as required by Section 14.6 hereof;

15.2.8 you fail to comply with the covenants in Section 17.2 (in-term covenants) or fail to obtain execution of the covenants required under Section 10.2;

15.2.9 you or your owners disclose or divulge the contents of the Manual or other Confidential Information contrary to the terms of Section 10;

15.2.10 you underreport Gross Sales by three percent (3%) or more in three (3) or more separate reports to us;

15.2.11 you knowingly maintain false books or records or submit to us any false reports or other documentation (including your application for the franchise);

15.2.12 you misuse or make any unauthorized or improper use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impair the goodwill associated therewith or our rights therein; or if you fail to utilize the Proprietary Marks solely in the manner and for the purposes we direct;

15.2.13 you refuse to allow us to inspect the Premises or your books, records or accounts upon demand as provided for herein;

15.2.14 upon receiving a notice of default under Section 15.3, you fail to initiate immediately a remedy to cure such default;

15.2.15 after curing any default pursuant to Section 15.3, you commit the same default again within twelve (12) months, whether or not cured after notice;

15.2.16 you sell products or services that we have not approved or purchase any product or service from a supplier we have not approved; or

15.2.17 you fail to comply with any loan agreements pursuant to which you have granted a security interest, regardless of whether or not we have consented to such grant.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1, 15.2, and 15.6 of this Agreement, upon any other default by you, we will give you written notice of such default and an opportunity to cure such default within 30 days of your receipt of such notice (or such longer time period as required by applicable law). We will have the right to terminate this Agreement immediately upon notice to you if you fail to cure any default to our satisfaction, and provide proof thereof, within the 30 day period. Defaults which are susceptible of cure hereunder include, but are not limited to, the following illustrative events:

15.3.1 If you fail to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manual, or to carry out the terms of this Agreement (except for the requirements of Section 7.6.6 above) in good faith;

15.3.2 If you fail, refuse or neglect promptly to pay any monies owing to us or our affiliates or any third party when due, or to submit the financial or other information required by us under this Agreement;

15.3.3 If you fail to maintain or observe any of the standards or procedures prescribed by us in this Agreement, the Manual or otherwise in writing;

15.3.4 Except as provided in Section 15.2.6 hereof, if you fail, refuse or neglect to obtain our prior written approval or consent as required by this Agreement;

15.3.5 If you act, or fail to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Premises, or in any way jeopardizes its right to renewal of such lease or sublease;

15.3.6 If you engage in any business or markets any service or product under a name or mark which, in our opinion, is confusingly similar to the Proprietary Marks; or

15.3.7 If you fail to comply with all applicable laws, rules and regulations related to the operation of the School (including the applicable provisions of the ADA regarding the construction, design and operation of the School).

15.4 Limitation of Services or Benefits. If we issue you a notice of default and you fail to cure such default within any applicable time period, we may, without waiving our right to terminate this Agreement as a result of such failure, temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to you hereunder, including restricting your or any of your staff's attendance at any training, meetings, workshops, or conventions; refusing to sell or furnish to you any advertising or promotional materials; refusing to provide you ongoing advice about the operation of the School; refusing any of your requests to approve a new supplier or the use of any advertising or promotional materials; terminating your right to use the Required Software; and restricting your right to perform, organize, sponsor, host or support Live Performances.

You shall hold us harmless with respect to any action we take pursuant to this Section 15.4; and you agree that we shall not be liable for any loss, expense, or damage you incur because of any action we take pursuant to this Section 15.4. Nothing in this Section 15.4 constitutes a waiver of any of our rights or remedies under this Agreement or any other agreement between us and you, including the right to terminate this Agreement. You agree that our exercise of our rights pursuant to this Section 15.4 shall not be deemed a constructive termination of this Agreement or of any other agreement between us and you, and shall not be deemed a breach of any provision of this Agreement. We may, in our discretion, reinstate any services or benefits removed, curtailed, or limited pursuant to this Section 15.4, and you agree to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited. If we limit any services or benefits under this Section 15.4, you shall continue to pay timely all fees and payments required under this Agreement and any other agreement between us and you, including any fees associated with services or benefits limited by us. You shall have no right to a refund of any fees paid in advance for such services or benefits.

15.5 Cross-Default. Any default by you under any other agreement between us or our affiliates as one party, and you or any of your owners or affiliates as the other party, that is so material as to permit us or our affiliates to terminate such other agreement, shall be deemed to be a default of this Agreement, and we shall have the right, at our option, to terminate this Agreement without affording you an opportunity to cure, effective immediately upon notice to you.

16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall immediately terminate, and:

16.1 Cease Operations. You shall immediately cease to operate the School, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as our present or former franchisee.

16.2 Cease Use of and Return Confidential Information and Proprietary Marks. You shall immediately and permanently cease to use, in any manner whatsoever, and return to us, at your expense, any Confidential Information (and any copies thereof, even if such copies were made in violation of this Agreement), the Proprietary Marks and any other distinctive forms, slogans, signs, symbols and devices associated with the System, including all signs, advertising materials, displays, stationery, forms, products and any other articles which display the Proprietary Marks. You shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law

16.3 Cancellation of Registrations. You shall take such action as may be necessary to cancel any assumed name registration or equivalent registration you obtained which contains any Proprietary Mark.

16.4 Assignment of Lease. You shall, at our option, assign to us or our designee any interest which you have in any Lease for the Premises. In the event we do not elect to exercise our option to have you assign the Lease, you shall make such modifications or alterations to the Premises (including assigning to us the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of the School under the System, and shall make such specific additional changes thereto as we may reasonably request for that purpose. If you fail or refuse to comply with the requirements of this Section 16.4, we 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 such changes as may be required, at your expense, which expense you agree to pay upon demand.

16.5 Payment. You shall promptly pay all sums owing to us and our affiliates. If the termination is due to your default, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, we incur as a result of the default.

16.6 Subsequent Use of Proprietary Marks Prohibited. You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in our discretion, is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to utilize any designation of origin, description or representation (including reference to us, the System or the Proprietary Marks), which, in our discretion, suggests or represents a present or former association or connection with us, the System or the Proprietary Marks.

16.7 Return Manual. You shall immediately deliver to us the Manual and all other records, correspondence and instructions containing confidential information relating to the operation of the School (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property, and shall retain no copy or record of any of the foregoing, with the exception of your copy of this Agreement, any

correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

16.8 Websites. You shall immediately irrevocably assign and transfer to us or our designee any and all interests you may have in any websites you maintain in connection with the School and in the domain name and home page address related to such website. You shall immediately execute any documents and perform any other actions we require to effectuate such assignment and transfer and otherwise ensure that all rights in such website revert to us or our designee, and hereby appoint us as your attorney-in-fact to execute such documents on your behalf if you fail to do so. You shall cease use of any School of Rock domain name, URL, or home page address, and shall not establish any website using any similar or confusing domain name, URL, and/or home page address.

16.9 Our Option to Purchase Equipment. We shall have the option, to be exercised within 30 days after termination, to purchase from you any or all of the furnishings, equipment, signs, fixtures, supplies, and inventory related to the operation of the School at fair market value or at your depreciated book value, whichever is less. If you and we are unable to agree as to a purchase price and terms, the fair market value of such equipment and property shall be determined by three appraisers chosen in the following manner: you shall select one appraiser at your expense; we will select one appraiser at our expense; and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by us and you. If we elect to exercise our option to purchase, we shall have the right to set off all amounts due from you, and the cost of the appraisal, if any, against any payment therefor.

16.10 Compliance With Covenants. You, your owners and members of your and their immediate families shall comply with the covenants contained in Section 17.3.

16.11 Student Contracts. On our written request, you shall either assign existing student contracts to us or our designee, or immediately refund to existing customers any and all monies paid to you by such customers for services that have not been rendered and, as a result of the termination or expiration of this Agreement, will not be rendered to such customers. You shall provide us with all current and prospective customer lists and information in your possession.

16.12 Evidence of Compliance. You shall furnish us with evidence satisfactory to us of compliance with the obligations of this Section 16 within 30 days after termination or expiration of this Agreement.

17. COVENANTS

17.1 Best Efforts. You covenant that, during the Term, except as we might otherwise approve, you and your owners, or a full-time General Manager designated by you, shall devote full time and best efforts to the management and operation of your School of Rock Business. You also must designate a full-time Music Director or Senior Faculty. We have the right to approve both your Music Director and your General Manager (if not an owner) based on our review of their relevant experience and qualifications. You, your Music Director, and your

General Manager must all attend and successfully complete our Initial Training Program as described in Section 6 above.

17.2 In-Term Covenants. You acknowledge that you will receive valuable, specialized training and confidential information, including information regarding us and the operational, sales, promotional, and marketing methods and techniques of the System. You covenant that during the Term of this Agreement, except as we might otherwise approve, you, your owners and members of your and their immediate families shall not, either directly or indirectly, or through, on behalf of, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any School of Rock Business 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 Proprietary Marks and the System;

17.2.2 Employ or seek to employ any person who is at that time employed by us or by any other School of Rock Business, or otherwise directly or indirectly induce such person to leave his or her employment without the employer's prior written consent; or

17.2.3 Own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any business that: (a) is substantially similar to a School of Rock Business; or (b) offers or sells services that are the same as or similar to the services being offered by a School of Rock Business under the System, including music instruction or live music performances.

17.3 Post-Term Covenants. You covenant that, except as we might otherwise approve, you, your owners and the members of your and their immediate families shall not, for a continuous uninterrupted period of two (2) years commencing upon the date of: (a) a transfer permitted under Section 14 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3; or (e) any or all of the foregoing; either directly or indirectly, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business that: (a)(i) is substantially similar to a School of Rock Business; or (ii) offers or sells services that are the same as or similar to the services being offered by a School of Rock Business under the System, including music instruction or live music performances; and (b) is, or is intended to be, located at or within:

17.3.1 the Territory;

17.3.2 Ten (10) miles of the Premises; or

17.3.3 Ten (10) miles of any School of Rock Business;

provided, however, that Sections 17.2.3 and this Section 17.3 shall not apply to the authorized operation by you of a School of Rock Business under the System pursuant to this Agreement or another franchise agreement with us. Before any violation of an activity restriction occurs, either you or we, upon written notice to the other, shall have the right to have determined whether the covenant contained in this Section 17.3 is a reasonable restriction on post-term activities by requesting that the scope of the restrictions be submitted to arbitration in accordance with Section 26.3 of this Agreement solely for the purpose of determining prospectively whether any reduction in the scope of the restrictions is appropriate. In such event, the decision of the arbitrator regarding the scope of the restriction shall be final and binding upon the parties. You shall not engage in any competitive activities in violation of this Section 17.3 pending resolution of the dispute. Any violation of the activity restrictions may be enforced in a court of law by injunction in accordance with Section 26.5 of this Agreement.

17.4 No Application to Equity Securities. Sections 17.2.3 and 17.3 shall not apply to ownership of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5 Reduction of Scope of Covenants. We shall have the right, in our discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3, or any portion thereof, without your consent, effective immediately upon your receipt of written notice thereof; and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 24 hereof.

17.6 No Defense. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section 17. You agree to pay all costs and expenses (including reasonable attorneys' fees) we incur in connection with the enforcement of this Section 17.

17.7 Independent Covenants. Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court, arbitrator, or agency having valid jurisdiction in an unappealed final decision to which we are a party, you shall be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

17.8 Irreparable Injury. Violation of any of the terms of this Section 17 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 17.

17.9 Our Costs and Expenses. You shall pay us all damages, costs, and expenses, including reasonable attorneys' fees, we incur in obtaining injunctive or other relief for the enforcement of any provision of this Section 17.

17.10 Confidentiality and Non-Competition Agreements. You shall require your Music Director, your General Manager, and other employees having access to any of our Confidential Information to execute confidentiality and non-competition covenants in the form attached as Exhibit D as a condition of their employment or hire.

18. CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY

18.1 Legal Entity. If you are a corporation, partnership, limited liability company or other legal entity, you shall comply with the following requirements:

18.1.1 You shall be newly organized and your charter shall at all times provide that your activities are confined exclusively to operating School of Rock Businesses;

18.1.2 Copies of your articles of formation, Bylaws and other governing documents, and any amendments thereto, including the resolution of your governing body authorizing entry into this Agreement, shall be promptly furnished to us;

18.2 Guaranty and Indemnification. If you are a corporation, partnership, limited liability company or other legal entity, then all of your owners and their spouses shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit E.

19. TAXES, PERMITS, AND INDEBTEDNESS

19.1 Payment of Taxes. You shall promptly pay when due all taxes levied or assessed, including unemployment and sales taxes, and all accounts and other indebtedness of every kind incurred in the operation of the School. You shall pay to us an amount equal to any state or local taxes, including, without limitation, sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, that may be imposed on us as a result of our receipt or accrual of the initial franchise fee, royalty fees, advertising fees, renewal fees, and all other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly, unless the tax is credited against income tax otherwise payable by us. In such event, you shall pay us (or to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

19.2 Contesting Tax Liability. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall you permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises, or any improvements thereon.

19.3 Permits and Licenses. You shall comply with all federal, state, and local laws, rules, and regulations and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the School, including licenses to do business,

fictitious name registrations, occupancy licenses, sales tax permits, construction permits, health permits, building permits, handicap permits and fire clearances.

19.4 Notification of Adverse Action. You shall immediately notify us in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the School.

20. INDEPENDENT CONTRACTOR; INDEMNIFICATION

20.1 Independent Contractor. This Agreement does not create a fiduciary relationship between us and you for any purpose. You are an independent contractor, and nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, or servant of the other for any purpose whatsoever. During the Term, you shall hold yourself out to the public as an independent contractor operating the School pursuant to a franchise agreement with us. You shall take such action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which we reserve the right to specify or approve. Notwithstanding any other provision of this Agreement, you acknowledge and agree that you have the sole authority, and that it is your sole obligation under this Agreement, to make all personnel and employment decisions for the School, including, without limitation, decisions related to hiring, training, firing, discharging and disciplining employees, and to supervising your employees, setting their wages, hours of employment, record-keeping, and any benefits, and that we shall have no direct or indirect authority or control over any employment-related matters for your employees. You shall require each of your employees to acknowledge in writing that you (and not we) are the employer of such employee.

20.2 No Authority to Contract. You are not authorized to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name; and we shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall we be liable by reason of any of your acts or omissions in the development or operation of the School or for any claim or judgment arising therefrom.

20.3 Indemnification. You shall indemnify and hold us and our affiliates, and their respective officers, directors and employees (the "**Indemnitees**") harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with the development and operation of the School, the business conducted under this Agreement, or your breach of this Agreement, including those alleged to be caused by an Indemnitee's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnitee's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event we incur any costs or expenses, including legal fees, travel expenses, and other charges, in connection with any proceeding involving you in which we are not a party, you shall reimburse us for all such costs and expenses promptly upon presentation of invoices. Your indemnification and hold harmless obligations under this Section

20.3 shall survive the termination or expiration of this Agreement. Nothing herein shall preclude an Indemnitee from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

21. APPROVALS AND WAIVERS

21.1 Approval and Consent. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us therefor. Wherever our consent or approval is required or we are authorized to make a determination, such consent, approval or determination will be valid only if in writing signed by us. Except where this Agreement expressly obligates us reasonably to approve, consent or determine or not unreasonably to withhold our approval of or consent to any action or request, we have the absolute right to make the determination or to grant, grant subject to conditions we impose, or refuse to grant our approval or consent.

21.2 No Warranties or Guarantees. We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.3 No Waiver. No failure to exercise any power reserved to us by this Agreement, or to insist upon your strict compliance with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our right to demand exact compliance with any of the terms hereof. Our waiver of any of your defaults shall not affect or impair our rights with respect to any subsequent default of the same, similar, or different nature; nor shall our delay or failure to exercise any power or right arising out of any of your defaults of any of the terms, provisions, or covenants hereof, affect or impair our right to exercise the same, nor shall such constitute a waiver by us of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its Term. Our subsequent acceptance of any payments due to us hereunder shall not be deemed to be our waiver of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

22. GRANT OF SECURITY INTEREST

As security for the payment of all amounts from time to time owing by you to us or our affiliates under this Agreement and all other agreements, and performance of all obligations to be performed by you, you hereby grant to us a security interest in all of your assets, including all equipment, furniture, fixtures, and building and road signs used in the operation of the School, as well as all proceeds of the foregoing (the "**Collateral**"). You warrant and represent that the security interest granted hereby is prior to all other security interests in the Collateral except bona fide purchase money security interests, or security interests held by financial institutions, if any, to which we have provided a written subordination. You agree not to remove the Collateral, or any portion thereof, from the Premises without our prior written consent. Upon the occurrence of any event entitling us to terminate this Agreement or any other agreement between the parties, we shall have all the rights and remedies of a secured party under the Uniform

Commercial Code of the State in which the School is located, including the right to take possession of the Collateral. You authorize us to file one or more financing statements to perfect our security interest in and to the Collateral and agree to execute and deliver to us financing statements or such other documents as we reasonably deem necessary to perfect our interest in the Collateral within 10 days of your receipt of such documents from us.

23. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including private delivery, courier service, or facsimile), which shall not include electronic communication, such as e-mail, to the respective parties at the addresses shown in the opening paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party, to the attention of the following:

Notices to us: Attn: Chief Development Officer

Notices to you: Attn: _____

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

24. ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between us and you concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced you to execute this Agreement. Except for those permitted to be made unilaterally by us hereunder, no amendment, change, or variance from this Agreement shall be binding on either of us unless mutually agreed to and executed by you and our authorized officers or agents in writing. Nothing in this Agreement shall be deemed a waiver of any rights you may have to rely on the Franchise Disclosure Document we have provided to you prior to your execution of this Agreement.

25. SEVERABILITY AND CONSTRUCTION

25.1 Severability. If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

25.2 Survival. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment, including Sections 10, 17, and 26.

25.3 No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than us and you any rights or remedies under or by reason of this Agreement.

25.4 Promises and Covenants. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court, arbitrator, or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

25.5 Captions and Headings. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

25.6 Construction. Wherever we have reserved the right to take action "in our discretion," we may do so in our "sole" discretion unless otherwise provided. References in this Agreement to "including" mean "including, without limitation" or "including but limited to," as the context requires, unless otherwise provided. This Agreement may be executed in multiple copies, each of which will be deemed an original. Signatures delivered by facsimile or electronically shall be deemed and have the same force as an original.

26. APPLICABLE LAW

26.1 Applicable Law. This Agreement shall be interpreted and construed exclusively under the laws of the Commonwealth of Pennsylvania. In the event of any conflict of law, the laws of Pennsylvania shall prevail, without regard to the application of Pennsylvania conflict-of-law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Pennsylvania and if you are located outside of Pennsylvania and such provision would be enforceable under the laws of the state in which you are located, then such provision shall be interpreted and construed under the laws of that state.

26.2 Arbitration. Except as otherwise provided herein, any dispute, claim or controversy arising out of or relating to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the entry, making, interpretation, or performance of either party under this Agreement shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. Such arbitration shall take place before a sole arbitrator in Philadelphia, Pennsylvania at a location we determine

in our discretion, and you agree not to file an objection to such locale. Judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. The arbitrator shall, in the award, allocate all of the costs of the arbitration, including the fees of the arbitrator and the reasonable attorneys' fees of the prevailing party, against the party who did not prevail. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration hereunder, except to the extent such issue may have been determined in another proceeding between you and us. This agreement to arbitrate shall survive any termination or expiration of this Agreement. No arbitration, action, or proceeding under this Agreement shall add as a party, by consolidation, joinder, or in any other manner, any person or party other than us and you and any person in privity with, or claiming through, in the right of, or on behalf of, us and you, unless both parties consent in writing. We have the absolute right to refuse such consent. All such proceedings for which consent is not granted shall be conducted on an individual, not a class-wide, basis.

26.3 Jurisdiction and Venue. Any action that is not otherwise subject to arbitration under Section 26.2 (including all appeals from or relating to arbitration hereunder), whether or not arising out of, or relating to, this Agreement, brought by you (or any of your owners) against us shall be brought in the U.S. District Court for the Eastern District of Pennsylvania, or, if such court does not have competent jurisdiction, in a state court located in such district. We shall have the right to commence an action against you in any court of competent jurisdiction. You waive all objections to personal jurisdiction or venue for purposes of this Section 26.3 and agree that nothing in this Section 26.3 shall be deemed to prevent us from removing an action from state court to federal court.

26.4 No Exclusivity. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

26.5 Injunctive Relief. Nothing in this Agreement (including, without limitation, Sections 26.2 and 26.3 above) shall bar our right to obtain injunctive relief from any court of competent jurisdiction against threatened conduct that will cause us loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.

26.6 Limitation of Claims. You agree that any and all claims you have against us and/or our affiliates, principals, employees and agents, arising out of, or relating to, this Agreement may not be commenced unless you bring them before the earlier of (a) the expiration of one (1) year after the act, transaction, or occurrence upon which such claim is based; or (b) one (1) year after this Agreement expires or is terminated for any reason. You agree that any claim or action not brought within the periods required under this Section 26.6 shall forever be barred as a claim, counterclaim, defense, or set off.

26.7 Our Costs and Expenses. Except as expressly provided by Section 26.2 hereof, you shall pay all expenses, including attorneys' fees and costs, incurred by us, our affiliates, and our or their successors and assigns (a) to remedy any defaults of, or enforce any rights under, this

Agreement; (b) to effect termination of this Agreement; and (c) to collect any amounts due under this Agreement.

26.8 WAIVER OF RIGHT TO A JURY AND PUNITIVE DAMAGES. YOU AND WE KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE OUR RESPECTIVE RIGHTS TO A TRIAL BY JURY AND WAIVE ANY CLAIM FOR PUNITIVE, MULTIPLE, AND/OR EXEMPLARY DAMAGES, EXCEPT THAT WE SHALL BE FREE AT ANY TIME HEREUNDER TO BRING AN ACTION FOR WILLFUL TRADEMARK INFRINGEMENT AND, IF SUCCESSFUL, TO RECEIVE AN AWARD OF MULTIPLE DAMAGES AS PROVIDED BY LAW.

27. REPRESENTATIONS AND ACKNOWLEDGEMENTS

27.1 Independent Investigation. You acknowledge that you have conducted an independent investigation of the business franchised hereunder, and recognize that the business venture contemplated by this Agreement is speculative and involves business risks, and that its success depends to a material extent upon the ability of you (or, if you are a corporation, partnership or limited liability company, the ability of your principals) as an independent businessperson, as well as other factors. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement, and you represent and warrant that you have not entered into this Agreement in reliance upon any representation, oral or written, by us as to potential or expected sales or profits.

27.2 You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the "**Executive Order**"), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Executive Order, the text of which is available at the Internet website address, www.ustreas.gov/offices/enforcement/ofac and published at https://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf.
Accordingly, you represent and warrant to us that as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you, is designated under the Executive Order as a person with whom business may not be transacted by us, and that you (a) do not, and hereafter shall not, engage in any terrorist activity; (b) are not affiliated with and do not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (c) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

27.3 Acknowledgment of Receipt. You acknowledge that you received our current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or you paid any money to us. You further acknowledge that you received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that you waited at least seven (7) calendar

days prior to executing them if any changes to such agreements were unilaterally and materially made by us.

27.4 Acknowledgment of Understanding; Opportunity to Consult. You acknowledge that you have read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that we have accorded you ample time and opportunity to consult with an attorney or other advisor of your own choosing about the potential benefits and risks of entering into this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement in duplicate on the date first above written.

SCHOOL OF ROCK FRANCHISING LLC **_____**

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date*: _____ Date: _____
(*This is the Effective Date)

EXHIBIT A TO
SCHOOL OF ROCK
FRANCHISE AGREEMENT

APPROVED LOCATION; TERRITORY; OWNERS

1. **Approved Location.** The Approved Location under this Agreement shall be: _____
_____

2. **Territory.** The Territory under this Agreement shall consist of the following geographic area:

_____
_____
_____

3. **Little Wing.** You:

☐ Elect to Offer the Little Wing Program in your Territory.

☐ Decline to offer the Little Wing Program in your Territory. You acknowledge and agree that we may offer, or allow others to offer, the Little Wing Program in your Territory.

4. **Owners.** The following is a complete list of all of your shareholders, partners, or members ("**Owners**") and the percentage interest of each individual:

Name	Position	Interest (%)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCHOOL OF ROCK FRANCHISING LLC _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B TO
SCHOOL OF ROCK
FRANCHISE AGREEMENT

LEASE RIDER

[The following language must be included in your Lease pursuant to Section 5.2 of the Franchise Agreement.]

If Lessee, a franchisee of School of Rock, LLC (the "Company"), shall be in default under any of the provisions of its lease and Lessor has the right to terminate the same; or if such Lessee is in default under any of the provisions of its Franchise Agreement with the Company, and the Company has the right to terminate said Franchise Agreement; or if the lease or Franchise Agreement is terminated for any reason; or if Lessee desires to assign its lease to the Company, Lessor and Lessee agree that the Company shall have the right, subject to applicable law, but not the obligation, to assume the obligations of the Lessee under said lease upon the same terms and conditions, in which event, and upon the exercise of such right, the Company shall take immediate possession of the subject premises as if it was the tenant named in said lease. Lessor shall notify the Company of any default of Lessee at the same time notice is given to Lessee, and the Company may, but is under no obligation to, cure such default.

EXHIBIT C TO
SCHOOL OF ROCK
FRANCHISE AGREEMENT

ADA CERTIFICATION

School of Rock Franchising LLC ("we" or "us") and _____ ("you") are parties to a franchise agreement dated _____, 20_____ (the "Franchise Agreement") for the operation of a School of Rock business at _____ (the "Premises"). In accordance with Section 5.4 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Premises and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including the Americans with Disabilities Act ("ADA"). You acknowledge that we have relied on the information contained in this certification. Furthermore, you agree to indemnify us and our officers, directors, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance (or failure to comply) with the ADA, as well as the costs, including attorneys' fees, related to the same.

IN WITNESS WHEREOF, the parties hereto have duly executed this ADA Certification on the date first above written.

_____

By:_____

Name:_____

Title:_____

EXHIBIT D TO
SCHOOL OF ROCK
FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(For signature by all owners, Music Directors, General Managers, assistant managers, and other personnel having access to any Confidential Information)

In consideration of my being a _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. By agreement dated _____, 20__ ("Franchise Agreement") between the Franchisee and School of Rock Franchising LLC (the "Company"), the Franchisee has acquired the right and obligation to establish and operate a School of Rock business (the "School") under the Company's trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin (the "Proprietary Marks") and the Company's unique and distinctive format and system relating to the establishment and operation of School of Rock businesses (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion.

2. The Company possesses certain confidential information, knowledge or know-how concerning the methods of operation of the School, including operating manuals and teaching programs, methods and materials, which may be communicated to the Franchisee or of which the Franchisee may be apprised by virtue of the Franchisee's operation under the terms of the Franchise Agreement (the "Confidential Information"). Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of the Franchise Agreement and this Agreement.

3. I understand and acknowledge that, as an employee of the Franchisee, the Company and the Franchisee will disclose some or all of the Confidential Information to me in furnishing to me initial and ongoing training, the operating manual, and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchisee's business and the School during the term of the Franchise Agreement, and I understand and acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. I understand and acknowledge that the Confidential Information is proprietary to the Company, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information

only in connection with my duties as an employee of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of the Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I will not, while in my position with the Franchisee, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which: (a) is substantially similar to a School of Rock business; or (b) offers or sells services that are the same as or similar to the services being offered by a School of Rock business under the System, including music instruction or live music performances; and for a continuous uninterrupted period commencing upon the cessation or termination of my position with the Franchisee, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any business which: (a)(i) is substantially similar to a School of Rock business; or (ii) offers or sells services that are the same as or similar to the services being offered by a School of Rock business under the System, including music instruction or live music performances; and (b) is, or is intended to be, located at or within: (i) the Territory, which I acknowledge has been described to me; or (ii) ten (10) miles of any School of Rock business operating under the System and the Proprietary Marks.

The prohibitions in this Section 6 do not apply to my interests in or activities performed in connection with a School of Rock business. This restriction does not apply to my ownership of less than five percent beneficial interest in the outstanding securities of any publicly-held corporation.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. I understand and acknowledge that the Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the

issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania. Except as provided in Paragraph 8 above, the only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature:_____

Name:_____

Address:_____

Title:_____

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

EXHIBIT E TO
SCHOOL OF ROCK
FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to School of Rock Franchising LLC (the "Company") to execute the Franchise Agreement between the Company and _____ (the "Franchisee") dated _____, 20__ (the "Agreement"), the undersigned (the "Guarantors"), jointly and severally, hereby unconditionally guarantee to the Company and its successors and assigns that all of the Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by the Company, the Guarantors will immediately make each payment to the Company required of the Franchisee under the Agreement. The Guarantors hereby waive any right to require the Company to: (a) proceed against the Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from the Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against the Franchisee. Without affecting the obligations of the Guarantors under this Guarantee, the Company may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of the Franchisee, or settle, adjust, or compromise any claims against the Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by the Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold the Company harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by the Franchisee to perform any obligation of the Franchisee under the Agreement, any amendment thereto, or any other agreement executed by the Franchisee referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by the Franchisee, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by the Company. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee,

but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 26 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania. In the event of any conflict of law, the laws of Pennsylvania shall prevail, without regard to, and without giving effect to, the application of the Commonwealth of Pennsylvania conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 26 of the Agreement are hereby incorporated into this Guarantee by reference, and references to the Franchisee and the Franchise Agreement therein shall be deemed to apply to the Guarantors and this Guarantee, respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including private delivery, courier service, or facsimile), which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to the Company: School of Rock Franchising LLC
2101 E. El Segundo Blvd., Suite 102
El Segundo, California 90245
Phone: (720) 398-5981
Attn: Chief Development Officer

Notices to the Guarantors: _____
_____
_____
Fax: _____
Attn:_____

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the Guarantors have signed this Guarantee as of the date of the Agreement.

GUARANTORS

By:_____
Name:_____

By:_____
Name:_____

By:_____
Name:_____

By:_____
Name:_____

By:_____
Name:_____

By:_____
Name:_____

EXHIBIT G-2 TO
FRANCHISE DISCLOSURE DOCUMENT

RENEWAL AMENDMENT TO FRANCHISE AGREEMENT

(See attached.)

SCHOOL OF ROCK FRANCHISE AGREEMENT
RENEWAL AMENDMENT

THIS RENEWAL AMENDMENT ("Amendment") effective as of _____, is by and between School of Rock Franchising, LLC, with its principal place of business at 2101 E. El Segundo Blvd., Suite 102, El Segundo, California 90245 ("Franchisor") and _____, with its principal place of business at _____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisee has operated a School of Rock franchise at _____ (the "School of Rock Business") pursuant to a prior franchise agreement entered into between Franchisor and Franchisee (the "Prior Agreement").

WHEREAS, Franchisor and Franchisee have entered into a certain School of Rock Franchise Agreement effective as of _____ (the "Franchise Agreement") for the purpose of renewing Franchisee's rights granted under the Prior Agreement.

WHEREAS, Franchisor and Franchisee desire to amend the terms of the Franchise Agreement as set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Recital "C" on Page 1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> You have operated a School of Rock Business under the System and Proprietary Marks under a franchise agreement, and wish to enter into a renewal franchise agreement with us to continue to operate such School. We are willing to grant you those rights, as described in this Agreement, in reliance on all of the information, representations, warranties and acknowledgements you and your owners (if you are a legal entity) have provided to us in support of your request.

2. Section 1.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Grant of Franchise. You shall operate the School of Rock Business only at and from the location identified in Exhibit A (the "Approved Location"). The School of Rock Business you are licensed to operate under this Agreement is referred to as the "**School**" and shall include the Little Wing Program described in Section 1.2 hereof.

3. Section 2.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Term. This Agreement shall begin on the Effective Date and, except as otherwise provided herein, shall continue until the 5th anniversary of the Effective Date (the "**Term**").

4. The first sentence of Section 2.2 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Successor Franchise. Subject to the conditions set forth in this Section 2.2, on expiration of this Agreement, you will be entitled to acquire a total of two (2) successor franchises for consecutive terms of five (5) years each.

5. Section 3.1.3 (On-Site Assistance) of the Franchise Agreement is hereby deleted in its entirety.

6. Section 3.1.9 (Site Selection) of the Franchise Agreement is hereby deleted in its entirety.

7. Section 4.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Successor Franchise Fee. On execution of this Agreement, you shall pay us a non-refundable successor franchise fee of [_____($_____)] the "Successor Franchise Fee"). The entire Successor Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into this Agreement and for our lost or deferred opportunity to enter into this Agreement with others.

8. Sections 5.1, 5.3, 5.5 and 5.6 of the Franchise Agreement are hereby deleted in their entirety.

9. Section 7.10 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following language:

> Inventory. You shall stock and maintain all types of approved products in quantities sufficient to meet reasonably anticipated customer demand.

10. Section 12.1 (Grand Opening Marketing) of the Franchise Agreement is hereby deleted in its entirety.

11. Franchisee and the undersigned principals, for themselves and their respective assigns, beneficiaries, executors, trustees, administrators, subrogees, agents, representatives, employees, officers, directors, partners, parent corporations, subsidiaries and affiliates (collectively, "Releasors"), do hereby irrevocably and absolutely release and forever discharge Franchisor and its affiliates and their respective successors, predecessors, assigns, beneficiaries, executors, trustees, administrators, subrogees, agents, representatives, employees, officers, directors, shareholders, partners, parent corporations, subsidiaries and affiliates (collectively, "Released Parties"), of and from any and all claims, demands, obligations, debts, actions, and causes of action of every nature, character, and description, known or unknown, pursuant to, arising out of, or related to, the Prior Agreement and the School of Rock Business, which Releasors now own or hold, or have at any time heretofore owned or held, or may at any time own or hold against the Released Parties, arising prior to and including the date of this Agreement.

12. This Amendment constitutes an integral part of the Franchise Agreement between the parties hereto, and the terms of this Amendment shall be controlling with respect to inconsistent provisions and the subject matter hereof. Except as modified or supplemented by this Amendment, the terms of the Franchise Agreement are hereby ratified and confirmed. The section numbering in the Franchise Agreement shall remain the same and shall not be adjusted based on the deletion of any sections as set forth in this Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment in duplicate on the date first above written.

SCHOOL OF ROCK FRANCHISING LLC **_____**

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

SIGNED INDIVIDUALLY BY:

Name: _____

EXHIBIT H TO
FRANCHISE DISCLOSURE DOCUMENT

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

(See attached.)

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

This Confidentiality and Non-Disclosure Agreement is entered into this _____ day of _____, 20___ by and between School of Rock Franchising, LLC, on behalf of itself and its direct and indirect parents, subsidiaries and affiliates (hereinafter collectively referred to as the "Company") and _____ (hereinafter referred to as the "Recipient").

WHEREAS, the Company possesses certain confidential information pertaining to its businesses; and,

WHEREAS, the Recipient may, from time to time, receive a disclosure of such confidential information from the Company or its agents, consultants or affiliates for the purpose of enabling the Recipient to evaluate a possible franchise opportunity (the “Franchise Opportunity”); and,

THEREFORE, the Recipient agrees to hold in confidence and to refrain from the unauthorized use of Confidential Information (as hereinafter defined) as set forth below:

1. Confidential Information.

(a) As used herein, "Confidential Information" means information about the Company, in whatever format, furnished to the Recipient pursuant to this Agreement by or on behalf of the Company, including, but not limited to, information regarding policies and procedures; concepts; tools; techniques; contracts; business records; marketing information and plans; demographic information; operations; basic store inventory; sales; costs; employees; vendors; suppliers; expansion plans (e.g. existing, and entry into new, geographic and/or product markets); location of stores and offices (including proposed locations); lawsuits and/or claims; management philosophy; customer lists; rental activity reports; sell-through activity reports; and confidential information received from third parties pursuant to a confidential disclosure agreement,

(b) Confidential Information does not include information that (i) was available to the public prior to the time of disclosure, (ii) becomes available to the public through no act or omission of the Recipient, or (iii) communicated rightfully to Recipient free of any obligation of nondisclosure and without restriction as to its use. Recipient shall bear the burden of demonstrating that the information falls under one of the above-described exceptions.

2. Non-Use and Non-Disclosure.

Recipient agrees to (i) hold the Confidential Information in confidence and refrain from disclosing Confidential Information, or transmitting any documents or copies containing Confidential Information, to any other party except as permitted under the terms of this Agreement, (ii) use the Confidential Information only to assist the Recipient in evaluation of the Franchise Opportunity and will not disclose any of it except to the Recipient's directors, officers, employees and representatives (including outside attorneys, accountants and consultants) (collectively its "Representatives") who need such information for the purpose of evaluating the Franchise Opportunity (and the Recipient shall require such Representatives to agree to be bound by the provisions of this Agreement and the Recipient shall be responsible for any breach of the terms of this Agreement by its Representatives). Recipient shall use at least the standard of care with respect to protecting the Confidential Information that it accords or would accord its own proprietary and confidential information.

3. Ownership and Implied Rights.

All Confidential Information shall remain the exclusive property of the Company and nothing in this Agreement, or any document, or any course of conduct between the Company and the Recipient, shall be deemed to grant the Recipient any rights in or to the Confidential Information, or any part thereof.

Nothing herein shall obligate Company to enter into a franchise relationship with Recipient. Company may for any reason or for no reason decline to enter into a franchise relationship with Recipient. Recipient acknowledges that Company is under no obligation to enter into or execute a franchise agreement or a development agreement with Recipient on the basis of this Agreement or for any other reason.

4. Restrictions on Copying.

Recipient shall not make any copies of any Confidential Information, except as may be strictly necessary for Recipient to evaluate the Franchise Opportunity. Any copies made by Recipient shall bear a clear stamp or legend indicating their confidential nature. Recipient shall not remove, overprint or deface any notice of copyright, trademark, logo, or other notices of ownership from any originals or copies of Confidential Information.

5. Return of Materials.

At the request of the Company at any time, the Recipient shall promptly return to the Company all Confidential Information that may be contained in printed, written, drawn, recorded, computer disk or any other form whatsoever which is in the possession or control of the Recipient or the location of which is known by the Recipient, including all originals, copies, reprints and translations thereof and any notes prepared by the Recipient or its Representatives in connection with the Confidential Information.

6. Breach.

(a) In the event of Recipient's breach of its obligations under this Agreement or any other agreement with the Company, Company shall have the right to (i) demand the immediate return of all Confidential Information, (ii) recover its actual damages incurred by reason of such breach, including, but not limited to, its attorneys' fees and costs of suit, (iii) obtain injunctive relief to prevent such breach or to otherwise enforce the terms of this Agreement, and (iv) pursue any other remedy available at law or in equity.

(b) The Recipient recognizes that the Company would suffer irreparable harm for which it would not have an adequate remedy at law if the Recipient were to violate the covenants and agreements set forth herein. Accordingly, the Recipient agrees that the Company shall be entitled to specific performance and injunctive relief as remedies for any such breach and that, in such event, no bond shall be required. This remedy shall be in addition to any other remedy available at law or in equity.

7. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN STRICT ACCORDANCE WITH THE SUBSTANTIVE LAW OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REFERENCE TO CONFLICT OF LAW RULES. THE RECIPIENT HEREBY CONSENTS TO THE JURISDICTION OF THE DISTRICT COURTS OF THE COMMONWEALTH OF PENNSYLVANIA, AND ANY PROCEEDING ARISING BETWEEN THE PARTIES HERETO IN ANY MANNER PERTAINING OR RELATED TO THIS AGREEMENT SHALL TO THE EXTENT PERMITTED BY LAW, BE HELD IN PHILADELPHIA, PENNSYLVANIA.

8. Waiver; Severability.

Any failure on the part of the Company to insist upon the performance of this Agreement or any part thereof, shall not constitute a waiver of any right under this Agreement. No wavier of any provision of this Agreement shall be effective unless in writing and executed by the party waiving the right. If any provision of this Agreement, or the application thereof to any person or circumstance shall, for any reason or to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such

provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

9. Accuracy of Confidential Information.

(a) The Company makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Neither the Company nor any of the officers, directors, employees, agents, advisors, legal counsel or other representatives or affiliates thereof, shall be subject to any liability resulting from the use of the Confidential Information by the Recipient and its Representatives.

(b) The Recipient acknowledges that the restrictions set forth herein are fair and reasonable and are necessary in order to protect the business of the Company and the confidential nature of the Confidential Information. The Recipient further acknowledges that the Confidential Information is unique to the business of the Company and would not be revealed to Recipient were it not for its willingness to agree to the restrictions set forth herein.

10. Applicability.

The terms, conditions and covenants of this Agreement shall apply to all business dealings and relations between the Company and the Recipient.

RECIPIENT

_____
_____
_____

By: _____
Name: _____
Title: _____

SCHOOL OF ROCK FRANCHISING, LLC
2101 E. El Segundo Blvd., Suite 102 El Segundo, CA 90245

By: _____
Name: _____
Title: _____

EXHIBIT I TO
FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE

(See attached.)

GENERAL RELEASE

This General Release ("Release") is made and entered into on this _____ day of _____ _____, 20___ by and between School of Rock Franchising LLC ("Franchisor") and _____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor and Franchisee are parties to a School of Rock Franchise Agreement (the "Franchise Agreement") dated _____, 20__, granting Franchisee the right to operate a School of Rock business under Franchisor's proprietary marks and system at the following location: _____ _____.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasors"), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasees"), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release. Releasors hereby acknowledge that this release is intended to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist. Each of the Releasors expressly acknowledges that they are familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

> **A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing a release, which if known by him or her must have materially affected his or her settlement with the debtor.**

Each of the Releasors hereby specifically and expressly waives all rights that it may have under Section 1542 of the California Civil Code or any similar provision of law in any other jurisdiction. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Releasors acknowledge and agree that they have read the terms of this Release, they fully understand and voluntarily accept the terms, and that they have entered into this Release voluntarily and without any coercion.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Release as of the date first above written.

FRANCHISOR	**FRANCHISEE**
By:_____	By:_____
Name: _____	Name:_____
Title:_____	Title:_____

EXHIBIT J TO
FRANCHISE DISCLOSURE DOCUMENT

STATE ADDENDA

(See attached.)

ILLINOIS

ILLINOIS ADDENDUM TO THE SCHOOL OF ROCK FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the Franchise Disclosure Document of School of Rock Franchising LLC for use in the State of Illinois shall be amended as follows:

1. The "Summary" section of Item 17(b), under the heading entitled "Renewal or Extension of the Term," is amended by adding the following:

Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/20.

2. The "Summary" section of Item 17(f), under the heading entitled "Termination by Franchisor With Cause," is amended by the following:

The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19.

3. The "Summary" section of Item 17(v), under the heading entitled "Choice of Forum," is amended by the following:

You may litigate against us in Illinois.

4. The "Summary" section of Item 17(w), under the heading entitled "Choice of Law," is amended by the following:

Illinois law will apply.

5. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Addendum to the Franchise Disclosure Document.

ILLINOIS AMENDMENT TO THE SCHOOL OF ROCK FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the School of Rock Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Section 2.2 of the Franchise Agreement, under the heading "Successor Franchise," shall be supplemented by the addition of the following language after Section 2.2.9:

> "2.2.10 If any of the provisions of this Section 2.2 concerning renewal are inconsistent with the provisions of Section 20 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 20 of the Act shall apply."

2. Section 15 of the Franchise Agreement, under the heading "Default and Termination," shall be supplemented by the addition of the following language after Section 15.5:

> "15.6 If any of the provisions of this Section 15 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply."

3. Section 26.1 of the Franchise Agreement, under the heading entitled "Applicable Law and Dispute Resolution", shall be supplemented by the addition of the following language at the end of the Section:

> "Illinois law shall apply."

4. Section 23.3 of the Franchise Agreement, under the heading "Jurisdiction and Venue," Section 26.6 of the Franchise Agreement, under the heading "Limitation of Claims," and Section 26.8 of the Franchise Agreement, under the heading "Waiver of Right to a Jury and Punitive Damages," shall each be supplemented by the addition of the following language:

> "Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void."

5. Section 27.3 of the Franchise Agreement, under the heading entitled "Acknowledgment of Receipt," shall be deleted in its entirety and replaced with the following

> "You acknowledge that you received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least five (5) business days prior to the date on which this Agreement was executed. You further acknowledge that you received the disclosure document (also known as the franchise DISCLOSURE DOCUMENT) at least fourteen (14) days prior to the earlier of the date on which this Agreement or other binding agreement was executed, or the date on which we received any consideration from you."

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement in duplicate on the date indicated below.

SCHOOL OF ROCK FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

FRANCHISEE

_____
Witness/Attest

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

AMENDMENT TO THE SCHOOL OF ROCK DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the School of Rock Development Agreement (the "Development Agreement") agree as follows:

1. Section 6 of the Development Agreement, under the heading "Default and Termination," shall be supplemented by the addition of the following language after Section 6.6:

> "6.7 If any of the provisions of this Section 6 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply."

2. Section 14.1 of the Development Agreement, under the heading entitled "Applicable Law and Dispute Resolution", shall be supplemented by the addition of the following language at the end of the Section:

> "Illinois law shall apply."

3. Section 14.3 of the Development Agreement, under the heading "Jurisdiction and Venue," Section 14.6 of the Development Agreement, under the heading "Limitation of Claims," and Section 14.8 of the Development Agreement, under the heading "Waiver of Right to a Jury and Punitive Damages," shall each be supplemented by the addition of the following language:

> "Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void."

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Development Agreement in duplicate on the date indicated below.

SCHOOL OF ROCK FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

DEVELOPER

_____
Witness/Attest

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

INDIANA

ADDENDUM TO THE SCHOOL OF ROCK FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the Franchise Disclosure Document of School of Rock Franchising, LLC for use in the State of Indiana shall be amended as follows:

1. Item 12, for each chart, under the heading entitled "Territory," shall be supplemented by the addition of the following language:

> We are required by the Franchise Agreement and Development Agreement not to compete unfairly with you within the Exclusive Territory.

2. Item 17(f), for each chart, under the heading, "Termination By Franchisor With Cause," shall be amended by the addition of the following language:

> The conditions under which your franchise can be terminated may be affected by the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act.

3. Items 17(q) and (r), for each chart, under the headings "Non-Competition Covenants During the Term of Franchise," and "Non-Competition Covenants After the Franchise is Terminated or Expires," respectively, shall be amended by the addition of the following language at the end of each Item:

> Notwithstanding the above, your rights will not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2.7-1(9), which limits the scope of non-competition covenants to the exclusive area granted in the Franchise Agreement and Development Agreement.

4. Item 17(w), for each chart, under the heading "Choice of Law," shall be supplemented with the following language:

> This provision may not be enforceable under Indiana law.

5. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Addendum to the Disclosure Document.

INDIANA AMENDMENT TO THE SCHOOL OF ROCK FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the parties to the School of Rock Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Section 1.3 of the Franchise Agreement, under the heading "Franchisee's Territory," shall be supplemented by the addition of the following language to the end of the section:

> We agree not to compete unfairly with you within your Territory. To the extent required by Indiana Code Sections 23-2-2.7-1(2) and 23-2-2.7-2(4), we shall not operate a business which is substantially identical to the School within your Territory regardless of trade name.

2. Section 2.2 of the Franchise Agreement, under the heading, "Renewal," shall be amended by the addition of the following language to the end of the section:

> To the extent required by Indiana Code Section 23-2-2.7-1(5), no general release executed pursuant to this section shall be deemed a release, assignment, novation, waiver or estoppel which purports, or is intended to relieve us from any liability imposed by the Indiana Deceptive Franchise Practices Act.

3. Section 15 of the Franchise Agreement, under the heading "Default and Termination," shall be amended by the addition of the following section:

> The conditions under which this Agreement may be terminated may be affected by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practice Act.

4. Section 17.3 of the Franchise Agreement, under the heading "Post-Term Covenants," shall be amended by the addition of the following section:

> Notwithstanding the above, your rights shall not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2.7-1(9), which limits the scope of non-competition covenants to the territory granted in this Agreement.

5. The following language shall be added to the end of Section 17.3 of the Franchise Agreement, under the heading "Post-Term Covenants":

To the extent required by either the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, the post-term covenant not to compete is limited to your Territory.

6. Section 20.3 of the Franchise Agreement, under the heading "Indemnification," shall be amended by the addition of the following language to the end of the section:

To the extent required by Indiana Code Section 23-2-2.7-2(10), you shall not be obligated to indemnify us as provided herein for any liability caused by your reasonable and proper reliance on or use of procedures and materials provided by us or arising out of our negligence.

7. Section 26.1 of the Franchise Agreement, under the heading "Applicable Law," shall be supplemented by the addition of the following language:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, Indiana law shall be applied in construing this Agreement.

8. Section 26.3 of the Franchise Agreement, under the heading "Jurisdiction and Venue," shall be supplemented by the addition of the following language:

However, to the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a franchisee that operates a franchised business in Indiana may require, at the franchisee's option, that litigation concerning such franchise take place in Indiana.

9. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practice Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

SCHOOL OF ROCK FRANCHISING, LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

FRANCHISEE

_____
Witness/Attest

By: _____

Name: _____

Title: _____

_____
Witness/Attest

By: _____

Name: _____

Title: _____

AMENDMENT TO THE SCHOOL OF ROCK DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, the parties to the School of Rock Development Agreement (the "Development Agreement") agree as follows:

1. Section 6 of the Development Agreement, under the heading "Default and Termination," shall be amended by the addition of the following section:

> 6.6 The conditions under which this Agreement may be terminated may be affected by the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practice Act.

2. Section 7.3 of the Development Agreement, under the heading, "Conditions of Transfer," shall be amended by the addition of the following language to the end of the section:

> To the extent required by Indiana Code Section 23-2-2.7-1(5), no general release executed pursuant to this section shall be deemed a release, assignment, novation, waiver or estoppel which purports, or is intended to relieve us from any liability imposed by the Indiana Deceptive Franchise Practices Act.

3. The following language shall be added to the end of Section 8.5 of the Development Agreement, under the heading "Post-Term Covenant":

> To the extent required by either the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act, the post-term covenant not to compete is limited to your Territory.

4. Section 8.5 of the Development Agreement, under the heading "Post-Term Covenant," shall be amended by the addition of the following section:

> Notwithstanding the above, your rights shall not in any way be abrogated or reduced pursuant to Indiana Code § 23-2-2.7-1(9), which limits the scope of non-competition covenants to the territory granted in this Agreement.

5. Section 10.3 of the Development Agreement, under the heading "Indemnification," shall be amended by the addition of the following language to the end of the section:

> To the extent required by Indiana Code Section 23-2-2.7-2(10), you shall not be obligated to indemnify us as provided herein for any

liability caused by your reasonable and proper reliance on or use of procedures and materials provided by us or arising out of our negligence.

6. Section 14.1 of the Development Agreement, under the heading "Applicable Law," shall be supplemented by the addition of the following language:

To the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, Indiana law shall be applied in construing this Agreement.

7. Section 14.3 of the Development Agreement, under the heading "Jurisdiction and Venue," shall be supplemented by the addition of the following language:

However, to the extent required by either the Indiana Franchise Disclosure Law or Indiana Deceptive Franchise Practices Act, a Developer that operates a franchised business in Indiana may require, at the Developer's option, that litigation concerning such franchise take place in Indiana.

8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law and the Indiana, Indiana Code § § 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practice Act, Indiana Code § § 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

DEVELOPER

_____
Witness/Attest

By: _____

Name: _____

Title: _____

_____
Witness/Attest

By: _____

Name: _____

Title: _____

MICHIGAN

NOTICE REQUIRED BY THE STATE OF MICHIGAN

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in the franchise documents, the provision are void and cannot be enforced against you.

Each of the following provisions are void and unenforceable if contained in any document relating to a franchise:

(a) A prohibition on the right of a franchisee 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 terminate a franchise agreement 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 thereof 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. This subsection applies only if: (i) The term of the franchise is less than 5 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 6 months advance notice of 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, to conduct 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.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligation to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this Notice should be directed to the Michigan Department of Attorney General, 670 Law Building, Lansing, Michigan 48913, (517) 373-7117.

MINNESOTA

ADDENDUM TO THE SCHOOL OF ROCK FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document of School of Rock Franchising LLC for use in the state of Minnesota shall be amended to include the following:

1. In Item 17, for each chart, section (m), under the heading entitled "Conditions for Franchisor Approval of Transfer," shall be amended by adding the following language at the end of the section:

> The general release will not apply to any liability under the Minnesota Franchise Law.

2. In Item 17, for each chart, sections (b), (c), (f), and (k), under the headings entitled "Renewal or Extension of the Term," "Requirements for Franchisee to Renew or Extend," "Termination by Franchisor With Cause," and "'Transfer' by Franchisee– Defined", shall be amended by adding the following language at the end of those sections:

> Minnesota law provides you with certain termination, non-renewal, and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice of nonrenewal of the Franchise Agreement and Development Agreement, and that consent to the transfer of the franchise not be unreasonably denied.

3. In Item 17, for each chart, section (v), under the heading entitled "Choice of Forum", shall be amended by adding the following language at the end of the section:

> Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement or Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the State of Minnesota.

4. In Item 17 (w), under the heading entitled "Choice of Law", shall be amended by adding the following language at the end of the section:

> This provision may not be enforceable under Minnesota law.

5. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930 are met independently without reference to this Addendum to the Disclosure Document.

* * *

AMENDMENT TO THE SCHOOL OF ROCK FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn Rules. §§ 2860.0100 through 2860.9930, the parties to the attached School of Rock Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Sections 2, 14, and 15 of the Franchise Agreement, under the headings entitled "Term and Renewal," "Transfer of Interest," and "Default and Termination," shall be supplemented by the addition of the following language:

> Minnesota law provides franchisees with certain termination, non-renewal and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

2. Section 17.8 of the Franchise Agreement, under the heading entitled "Irreparable Injury," shall be deleted in its entirety.

3. Section 26.1 of the Franchise Agreement, under the heading entitled "Applicable Law" shall be supplemented by the addition of the following language:

> Pursuant to Minn. Stat. § 80C.21, this Section 26.1 shall not in any way abrogate or reduce any of Franchisee's rights as provided for in the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. Section 26.4 of the Franchise Agreement, under the heading entitled "Jurisdiction and Venue," shall be supplemented by the addition of the following language:

> Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota. This Section 26.4 shall not in any way abrogate or reduce any of Franchisee's rights as provided for in the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 26.7 of the Franchise Agreement, under the heading entitled "Limitation of Claims," shall be supplemented by the addition of the following language:

> Pursuant to Minn. Stat. § 80C.17 (subd. 5), this Section 26.7 shall not in any way abrogate or reduce the time period for bringing a civil action under Minn. Stat. § 80C.17.

6. Section 26.9.1 of the Franchise Agreement, under the heading entitled "Waiver of Right to a Jury and Punitive Damages," shall be deleted in its entirety and the heading under 26.9 shall be amended to state "Waiver of Right to Punitive Damages."

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC

_____ By: _____

Witness/Attest Name: _____

Title: _____

FRANCHISEE

_____ By: _____

Witness/Attest

Name: _____

Title: _____

_____ By: _____

Witness/Attest

Name: _____

Title: _____

AMENDMENT TO THE SCHOOL OF ROCK DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn Rules. §§ 2860.0100 through 2860.9930, the parties to the attached School of Rock Development Agreement (the "Development Agreement") agree as follows:

1. Sections 4.1, 6, and 7.3 of the Development Agreement, under the headings entitled "Term," "Default and Termination," and "Conditions of Transfer," shall be supplemented by the addition of the following language:

> Minnesota law provides Developers with certain termination, non-renewal and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except specified cases, that a Developer be given 90 days notice of termination (with 60 days to cure) and 180 days notice of nonrenewal of the Development Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

2. Section 8.10 of the Development Agreement, under the heading entitled "Irreparable Injury," shall be deleted in its entirety.

3. Section 14.1 of the Development Agreement, under the heading entitled "Applicable Law" shall be supplemented by the addition of the following language:

> Pursuant to Minn. Stat. § 80C.21, this Section 14.1 shall not in any way abrogate or reduce any of Developer's rights as provided for in the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. Section 14.4 of the Development Agreement, under the heading entitled "Jurisdiction and Venue," shall be supplemented by the addition of the following language:

> Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota. This Section 14.4 shall not in any way abrogate or reduce any of Developer's rights as provided for in the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 14.7 of the Development Agreement, under the heading entitled "Limitation of Claims," shall be supplemented by the addition of the following language:

> Pursuant to Minn. Stat. § 80C.17 (subd. 5), this Section 14.7 shall not in any way abrogate or reduce the time period for bringing a civil action under Minn. Stat. § 80C.17.

6. Section 15.1.1 of the Development Agreement, under the heading entitled "Waiver of Right to a Jury and Punitive Damages," shall be deleted in its entirety and the heading under 15.1.1 shall be amended to state "Waiver of Right to Punitive Damages."

7. Section 26.4 of the Franchise Agreement, under the heading entitled "Jurisdiction and Venue," shall be supplemented by the addition of the following language:

> Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota. This Section 26.4 shall not in any way abrogate or reduce any of Franchisee's rights as provided for in the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, are met independently without reference to this Amendment.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC

_____ By: _____

Witness/Attest Name: _____

Title: _____

DEVELOPER

_____ By: _____

Witness/Attest

Name: _____

Title: _____

_____ By: _____

Witness/Attest

Name: _____

Title:_____

NEW YORK

ADDENDUM TO SCHOOL OF ROCK
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 the Franchise Disclosure Document for School of Rock Franchising LLC ("we," "us," or "our") for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation," for each chart, shall be amended by deleting the Item in its entirety, and substituting the following in lieu thereof:

> Neither we, nor any predecessor or principal of ours, nor any person identified in Item 2, above, has any administrative, criminal, or a material civil or arbitration action (or a significant number of civil or arbitration actions irrespective of materiality) pending against him alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.
>
> Neither we, nor any predecessor or principal of ours, nor any person identified in Item 2 above, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the date of this Disclosure Document, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.
>
> Neither we, nor any predecessor or principal of ours, nor any person identified in Item 2, above, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

2. Item 4, "Bankruptcy," for each chart, shall be amended by deleting the Item in its entirety, and substituting the following in lieu thereof:

> Neither we, nor any affiliate, predecessor, officer or general partner or ours, during the 10 year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge for its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

3. Item 17 for each chart of the Disclosure Document shall be supplemented by the addition of the following language at the end of item (d) in the summary under the provision entitled "Termination By Franchisee":

> You may terminate the Franchise Agreement or Development Agreement upon any grounds available by law.

4. Item 17 for each chart of the Disclosure Document shall be supplemented by the addition of the following language at the end of item (j) in the summary under the provision entitled "Assignment of Contract By Franchisor":

> However, no assignment shall be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement or Development Agreement.

5. Item 17 for each chart of the Disclosure Document shall be supplemented by the addition of the following paragraph in item (q) in the summary under the provision entitled "Non-Competition Covenants During the Term of the Franchise":

> You acknowledge that any violation of the terms of the covenants not to compete would result in irreparable injury to us for which no adequate remedy of law may be available, and you accordingly agree that we may seek an injunction prohibiting any conduct by you in violation of the terms of the covenant not to compete.

6. Item 17 for each chart of the Disclosure Document shall be supplemented by the addition of the following language at the end of item (w) in the summary under the provision entitled "Choice of Law":

> However, this choice of law will not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

7. Each provision of this Addendum to the Disclosure Document will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Addendum to the Disclosure Document.

AMENDMENT TO SCHOOL OF ROCK
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Franchise Agreement agree as follows:

1. Section 2.2.7 of the Franchise Agreement, under the heading "Term and Renewal," shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 2.2.7 You shall execute a general release, in a form prescribed by us, of any and all claims, known or unknown, that you might have against us or our affiliates, or our respective officers, directors, agents, and employees; provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force, it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

2. Section 14.1 of the Franchise Agreement, under the heading "Franchisor's Right to Transfer" shall be supplemented by the following language, which shall be considered an integral part of the Agreement:

> However, no assignment shall be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. Section 14.3.3 of the Franchise Agreement, under the heading "Conditions to Transfer" shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 14.3.3 That the transferor shall have executed a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our respective officers, directors, agents, shareholders, and employees; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

4. Section 26.1 of the Franchise Agreement, under the heading "Applicable Law," shall be amended by adding the following section at the end of the Section:

> The foregoing choice of law should not be considered a waiver of any right conferred upon the Licensee by General Business Law of New York State, Sections 680-695.

5. Each provision of this Amendment to the Franchise Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

FRANCHISEE

_____
Witness/Attest

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

AMENDMENT TO SCHOOL OF ROCK DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF NEW YORK

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached Development Agreement agree as follows:

1. Section 7.1 of the Development Agreement, under the heading "Franchisor's Right to Transfer" shall be supplemented by the following language, which shall be considered an integral part of the Agreement:

> However, no assignment shall be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

2. Section 7.3.3 of the Development Agreement, under the heading "Conditions to Transfer" shall be deleted in its entirety, and shall have no force or effect; and the following paragraph shall be substituted in lieu thereof:

> 7.3 That the transferor shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against us and our affiliates, and our respective officers, directors, agents, shareholders, and employees; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

3. Section 14.1 of the Development Agreement, under the heading "Applicable Law," shall be amended by adding the following section at the end of the Section:

> The foregoing choice of law should not be considered a waiver of any right conferred upon the Licensee by General Business Law of New York State, Sections 680-695.

4. Each provision of this Amendment to the Development Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this New York Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

DEVELOPER

_____
Witness/Attest

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

NORTH DAKOTA

ADDENDUM TO SCHOOL OF ROCK FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NORTH DAKOTA CENTURY CODE (NDCC) SECTION 51-19-09):

A. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.

H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

In recognition of the requirements of North Dakota Century Code, Section 51-19-09, the Franchise Disclosure Document of School of Rock for use in the State of North Dakota shall be amended to include the following:

1. Item 17(c) shall be supplemented by the addition of the following language:

   You will not be required to sign a general release upon renewal of the franchise agreement.

2. Item 17(i) shall be supplemented by the addition of the following language:

   You will not be required to consent to liquidated damages or termination penalties.

3. Item 17(r) shall be supplemented by the addition of the following language:

   All covenants restricting competition are subject to North Dakota Century Code, Section 9-08-06. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. The language in Item 17(u) shall be deleted and replaced by the following language:

   Most disputes and claims relating to the Franchise Agreement will be settled by arbitration under the rules of the American Arbitration Association at a location agreeable to all parties.

5. The language in Item 17(v) shall be deleted and replaced by the following language:

   All litigation must be brought in North Dakota.

6. The language in Item 17(w) shall be deleted and replaced by the following language:

   All disputes will be governed by the laws of the State of North Dakota.

AMENDMENT TO THE
SCHOOL OF ROCK
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of North Dakota Century Code, Section 51-19-09, the parties to the attached School of Rock Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The following language shall be added at the end of Section 2.2 of the Franchise Agreement:

> You shall not be required to sign a general release upon renewal of the Franchise Agreement.

2. Section 15.5 of the Franchise Agreement is hereby deleted.

3. The following language shall be added at the end of Section 17.3 of the Franchise Agreement:

> All covenants restricting competition are subject to North Dakota Century Code, Section 9-08-06. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. The language in Section 26.1 of the Franchise Agreement is hereby deleted and replaced by the following language:

> This Agreement shall be interpreted and construed exclusively under the laws of the State of North Dakota.

5. The second sentence of Section 26.3 of the Franchise Agreement is hereby deleted and replaced by the following language:

> Such arbitration shall take place before a sole arbitrator at a location agreeable to all parties.

6. The language in Section 26.4 of the Franchise Agreement is hereby deleted and replaced by the following language:

> Any action that is not otherwise subject to arbitration under Section 26.3 (including all appeals from or relating to arbitration hereunder), whether or not arising out of, or relating to, this Agreement, brought by you (or any principal thereof) against us shall be brought in federal court in the State of North Dakota, or, if such court does not have competent jurisdiction, in a state court located in North Dakota.

7. Section 26.7 of the Franchise Agreement is hereby deleted.

8. Section 26.9 of the Franchise Agreement is hereby deleted.

IN WITNESS WHEREOF, the parties hereto have duly executed this North Dakota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

AMENDMENT TO THE
SCHOOL OF ROCK
DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of North Dakota Century Code, Section 51-19-09, the parties to the attached School of Rock Development Agreement (the "Development Agreement") agree as follows:

1. Section 6.4 of the Development Agreement is hereby deleted.

2. The following language shall be added at the end of Section 8.5 of the Development Agreement:

> All covenants restricting competition are subject to North Dakota Century Code, Section 9-08-06. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

3. The language in Section 14.1 of the Development Agreement is hereby deleted and replaced by the following language:

> This Agreement shall be interpreted and construed exclusively under the laws of the State of North Dakota.

4. The second sentence of Section 14.3 of the Development Agreement is hereby deleted and replaced by the following language:

> Such arbitration shall take place before a sole arbitrator at a location agreeable to all parties.

5. The language in Section 14.4 of the Development Agreement is hereby deleted and replaced by the following language:

> Any action that is not otherwise subject to arbitration under Section 26.3 (including all appeals from or relating to arbitration hereunder), whether or not arising out of, or relating to, this Agreement, brought by Franchisee (or any principal thereof) against us shall be brought in federal court in the State of North Dakota, or, if such court does not have competent jurisdiction, in a state court located in North Dakota.

6. Section 14.7 of the Development Agreement is hereby deleted.

7. Section 15 of the Development Agreement is hereby deleted.

IN WITNESS WHEREOF, the parties hereto have duly executed this North Dakota Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC	**DEVELOPER**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

RHODE ISLAND

ADDENDUM TO THE SCHOOL OF ROCK
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of School of Rock for use in the State of Rhode Island shall be amended to include the following:

1. Items 17v. and 17w. for each chart shall be supplemented with the following language:

> However, you may sue School of Rock in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 shall be supplemented by the addition of the following language at the end of Item 17:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum to the Disclosure Document.

AMENDMENT TO THE
SCHOOL OF ROCK
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached School of Rock Franchise Agreement (the "Franchise Agreement") agree as follows:

1. The following language shall be added at the end of Section 26.4 of the Franchise Agreement entitled "Jurisdiction and Venue":

> Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Rhode Island Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC	**FRANCHISEE**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

AMENDMENT TO THE
SCHOOL OF ROCK
DEVELOPMENT AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached School of Rock Development Agreement (the "Development Agreement") agree as follows:

1. The following language shall be added at the end of Section 14.4 of the Development Agreement entitled "Jurisdiction and Venue":

> Notwithstanding the above, Rhode Island Developers are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Rhode Island Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC	**DEVELOPER**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

VIRGINIA

ADDENDUM TO THE SCHOOL OF ROCK
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply:

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document shall be amended as follows:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the development agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. Item 5 shall be supplemented by adding the following language at the end of the Item:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owned by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

* * *

AMENDMENT TO THE SCHOOL OF ROCK
FRANCHISE AGREEMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions of the Virginia Retail Franchising Act, the parties to the attached School of Rock Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Section 4.1 of the Franchise Agreement, entitled "Initial Franchise Fee," shall be amended by adding the following language at the end of the Section:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owned by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. Payment of the initial franchise fee will be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and the Franchised Business has opened.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

SCHOOL OF ROCK
FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

FRANCHISEE

_____
Witness/Attest

By: _____

Name: _____

Title: _____

_____
Witness/Attest

By: _____

Name: _____

Title: _____

AMENDMENT TO THE SCHOOL OF ROCK DEVELOPMENT AGREEMENT
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions of the Virginia Retail Franchising Act, the parties to the attached School of Rock Development Agreement (the "Development Agreement") agree as follows:

1. Sections 2.1 of the Development Agreement, entitled "Development Fee," shall be amended by adding the following language at the end of the Section:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owned by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. Payment of the Development Fee will be deferred until Franchisor has satisfied its pre-opening obligations to Developer under the Franchise Agreement for the first School of Rock Business developed hereunder and the first School of Rock Business has opened.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

DEVELOPER

_____
Witness/Attest

By: _____

Name: _____

Title: _____

_____
Witness/Attest

By: _____

Name: _____

Title: _____

WASHINGTON

ADDENDUM TO THE SCHOOL OF ROCK
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF WASHINGTON

1. Item 17(b), for each chart, under the heading entitled "Renewal or Extension of Term," and Item 17(f), for each chart, under the heading entitled "Termination by Franchisor With Cause," shall be supplemented with the following:

> The Washington Retail Franchise Investment Protection Act provides additional rights to franchisees concerning termination or non-renewal. If any of the provisions of the Franchise Agreement or Development Agreement conflict with the Washington Investment Protection Act, the provisions of the Washington Investment Protection Act will control.
>
> The Franchise Agreement or Development Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

2. Item 17(h), for each chart, under the heading entitled "Cause Defined-Defaults Which Cannot Be Cured," shall be supplemented with the following:

> Washington law provides that, except in specified cases, a franchisee be given the opportunity to cure a default after being given written notice thereof and a reasonable opportunity, no more than thirty (30) days, to cure such default, or if thirty (30) days is not adequate to cure such default, to initiate within thirty (30) days a substantial and continuing action to cure such default.

3. Item 6 (note 8) and Item 17(m), for each chart, under the heading entitled "Conditions for Franchisor Approval of Transfer," shall be supplemented with the following:

> If you are located in Washington State, you must pay a transfer fee in the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the application to transfer, including legal and accounting fees.

4. Item 17(u), for each chart, under the heading entitled "Dispute Resolution," shall be supplemented with the following:

> In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

5. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Retail Franchising Act, § § 19.100.010 through 19.100.940, are met independently without reference to this Addendum.

* * *

AMENDMENT TO THE SCHOOL OF ROCK
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act §§ 19.100.010 through 19.100.940, the parties to the attached School of Rock Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Section 1.3 of the Franchise Agreement, under the heading, "Franchisee's Territory," shall be supplemented by the addition of the following language:

We agree not to compete unfairly with you within your Territory.

12 Section 14.3.10 of the Franchise Agreement, under the heading, "Conditions to Transfer," shall be supplemented by the addition of the following language:

> The transfer fee is imposed to reimburse us for our reasonable costs and expenses (including legal and account fees) associated with reviewing any application as to any transfer under the Franchise Agreement. However, the amount of the transfer fee will only be the amount necessary to compensate us for the expenses described above as a result of a transfer. This fee is non-refundable.

3. Section 15.2 of the Franchise Agreement, under the heading "Notice Without Opportunity to be Cured," shall be supplemented by the addition of the following:

> Washington law provides that, except in specified cases, a franchisee be given the opportunity to cure a default after being given written notice thereof and a reasonable opportunity, no more than thirty (30) days, to cure such default, or if thirty (30) days is not adequate to cure such default, to initiate within thirty (30) days a substantial and continuing action to cure such default.

4. Section 26.1 of the Franchise Agreement, under the heading "Applicable Law," shall be supplemented by the addition of the following language which shall be considered an integral part of the Franchise Agreement:

> Notwithstanding anything to the contrary herein, no provision of this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Washington Franchise Investment Protection Act.
>
> If any provisions of this Agreement conflict with the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act shall prevail.

5. Section 26.2 of the Franchise Agreement, under the heading "Arbitration" shall be amended by adding the following language at the end of the Section:

> Notwithstanding anything to the contrary herein, in any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state

of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act § § 19.100.010 through 19.100.940 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

SCHOOL OF ROCK FRANCHISING LLC

_____
Witness/Attest

By: _____

Name: _____

Title: _____

FRANCHISEE

_____
Witness/Attest

By: _____

Name: _____

Title: _____

_____
Witness/Attest

By: _____

Name: _____

Title: _____

AMENDMENT TO THE SCHOOL OF ROCK DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act § § 19.100.010 through 19.100.940, the parties to the attached School of Rock Development Agreement (the "Development Agreement") agree as follows:

1. Section 6.2 of the Development Agreement, under the heading "Franchisor's Rights Upon Developer's Default," shall be supplemented by the addition of the following:

> Washington law provides that, except in specified cases, a Developer be given the opportunity to cure a default after being given written notice thereof and a reasonable opportunity, no more than thirty (30) days, to cure such default, or if thirty (30) days is not adequate to cure such default, to initiate within thirty (30) days a substantial and continuing action to cure such default.

2. Section 7.3.9 of the Development Agreement, under the heading, "Conditions of Transfer," shall be supplemented by the addition of the following language:

> The transfer fee is imposed to reimburse us for our reasonable costs and expenses (including legal and account fees) associated with reviewing any application as to any transfer under the Development Agreement. However, the amount of the transfer fee will only be the amount necessary to compensate us for the expenses described above as a result of a transfer. This fee is non-refundable.

3. Section 14.1 of the Development Agreement, under the heading "Applicable Law," shall be supplemented by the addition of the following language which shall be considered an integral part of the Development Agreement:

> Notwithstanding anything to the contrary herein, no provision of this Agreement shall be deemed to constitute a waiver of compliance with any provision of the Washington Franchise Investment Protection Act.
>
> If any provisions of this Agreement conflict with the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act shall prevail.

4. Section 14.2 of the Franchise Agreement, under the heading "Arbitration" shall be amended by adding the following language at the end of the Section:

> Notwithstanding anything to the contrary herein, in any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act § § 19.100.010 through 19.100.940 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Development Agreement on the same date as that on which the Development Agreement was executed.

SCHOOL OF ROCK

_____
Witness/Attest

FRANCHISING LLC

By: _____

Name: _____

Title: _____

DEVELOPER

_____
Witness/Attest

By: _____

Name: _____

Title: _____

_____
Witness/Attest

By: _____

Name: _____

Title: _____

EXHIBIT K TO
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

(See attached.)

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, School of Rock Franchising LLC ("we," "us" or "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a School of Rock franchised business. You may also be entering into a Development Agreement with us. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

   Yes____ No____

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   Yes____ No____

   If "No," what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

   _____

   _____

   _____

3. Did we make any material changes to the form of Franchise Agreement that was included in the Franchise Disclosure Document you received from us, which were not negotiated with you?

   Yes____ No____

   If "Yes," did you receive a copy of the final Franchise Agreement at least seven (7) calendar days prior to signing it?

   Yes____ No____

If you are entering into a Development Agreement with us, please respond to Questions 4 through 6. Otherwise, please skip to Question 7.

4. Have you received and personally reviewed our Development Agreement and each exhibit and schedule attached to it?

   Yes____ No____

5. Do you understand all of the information contained in the Development Agreement and each exhibit and schedule attached to it?

Yes____ No___

If "No," what parts of the Development Agreement do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

6. Did we make any material changes to the form of Development Agreement that was included in the Franchise Disclosure Document you received from us, which were not negotiated with you?

Yes____ No___

If "Yes," did you receive a copy of the final Development Agreement at least seven (7) calendar days prior to signing it?

Yes____ No___

7. Have you received and personally reviewed the Franchise Disclosure Document we provided to you?

Yes____ No___

8. Do you understand all of the information contained in the Franchise Disclosure Document?

Yes____ No___

If "No," what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

_____

_____

_____

9. Did you receive a copy of the Franchise Disclosure Document at least fourteen (14) calendar days prior to signing any agreement with us or paying us any money or other consideration?

Yes____ No____

10. Have you discussed the benefits and risks of operating a School of Rock franchised business with an attorney, accountant or other professional advisor and do you understand those risks?

Yes____ No____

11. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors that are outside of our control?

Yes____ No____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a School of Rock business operated by us or our franchisees?

Yes____ No____

If "Yes," please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

_____

_____

_____

13. Has any employee or other person speaking on our behalf made any statement or promise concerning your School of Rock franchised business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

If "Yes," please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

_____

_____

_____

14. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a School of Rock franchised business?

Yes____ No____

If "Yes," please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

_____

_____

15. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a School of Rock business will generate?

Yes____ No____

If "Yes," please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

_____

_____

_____

16. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a School of Rock business?

Yes____ No___

If "Yes," please describe the nature of the statements and whom they were made by? (Attach additional pages, if necessary)

_____

_____

_____

17. Were you provided any actual or estimated revenue or sales figures or amounts in connection with any pro forma profit and loss statement that may have been furnished to you by any employee or other person on our behalf?

Yes____ No___

If "Yes," please describe the nature of the statements and whom they were made by? (Attach additional pages, if necessary)

_____

_____

_____

18. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No___

If "Yes," please describe the nature of the statements and whom they were made by? (Attach additional pages, if necessary)

_____

_____

19. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes____ No___

20. Do you understand that nothing in the Franchise Agreement or in our communications with one another is intended to make, or in fact makes, either you or us a general or limited partner, general or special agent, joint venturer, or employee of the other for any purpose, that the Franchise Agreement does not create a fiduciary relationship between you and us, and that we and you are and will be independent contractors during the term of the Franchise Agreement?

Yes____ No___

21. Do you understand that you, and not the Franchisor, have the duty and obligation to locate and lease a site for the Franchised Business and that the Franchisor's approval of a site is not an assurance, representation or warranty as to the suitability of the Franchised Business's site or the Franchised Business's profitability or success?

Yes____ No___

22. Were you referred to School of Rock Franchising, LLC by another individual?

Yes____ No___

If "Yes," did that person make any statement or promise concerning your School of Rock franchised business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No___

If "Yes," please describe the nature of the statements and by whom they were made? (Attach additional pages, if necessary)

_____

_____

_____

By signing this Questionnaire, you agree that you understand that your answers are important to us and that we will rely on them, and you are representing that you have responded truthfully to the above questions.

_____
FRANCHISE APPLICANT

_____
Print Name

Date: _____, 20_____

EXHIBIT L TO
FRANCHISE DISCLOSURE DOCUMENT

ASSET PURCHASE AGREEMENT

(See attached.)

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is entered into as of _____ __, 201_ (the "Effective Date"), by and between (i) [INSERT NAME], a [INSERT CORPORATE INFO] ("Buyer") and (ii) **[**SCHOOL OF ROCK ENTITY NAME**]**, a [INSERT CORPORATE INFO] with its principal place of business at 114 Shore Drive, Burr Ridge, Illinois 60527 ("Seller", together with Buyer, the "Parties").

RECITALS

WHEREAS, Seller owns, operates and franchises music schools under the name "School of Rock";

WHEREAS, Seller owns and operates a music school located at [INSERT ADDRESS] (the "Business");

WHEREAS, Seller leases the premises and improvements at the site for the Business under a lease dated [INSERT DATE OF LEASE], as amended if applicable (the "Lease"), with [INSERT NAME OF LANDLORD ON THE LEASE] (the "Landlord");

WHEREAS, pursuant to a certain Franchise Agreement, dated as of the date hereof (the "Franchise Agreement"), Seller has granted to Buyer a franchise to operate the Business, pursuant to the terms set forth in the Franchise Agreement; and

WHEREAS, in connection with the execution and delivery of the Franchise Agreement, and subject to the terms and conditions of the Franchise Agreement, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, (i) certain of the assets of the Business, including the assignment of the Lease to Buyer pursuant to a lease assignment, assumption and consent agreement substantially in form and substance reasonably agreed to by the Parties (the "Lease Assignment Agreement"), and (ii) certain of the liabilities associated with the Business, including the Lease, each on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements, representations, warranties and covenants set forth below, Buyer and Seller agree as follows:

1. Definitions

1.1 **Definitions**. As used in this Agreement, the following terms shall have the following meanings:

(a) "Accounts Receivable" means all of the billed and unbilled accounts receivable of the Business.

(b) "Affiliate" means with respect to any Person, a Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

(c) "Closing" means the sale of the Purchased Assets and assumption of the Assumed Liabilities hereunder.

(d) "Closing Date" is defined in Section 3.1(a) below.

(e) "Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

(f) "Employee" means an individual employed at the Business by Seller on the Closing Date.

(g) "GAAP" means generally accepted accounting principles of the United States as set forth by the Financial Accounting Standards Board, as in effect on the Closing Date.

(h) "Governmental Entity" means any court, or any federal, state, municipal or other governmental authority, department, commission, board, agency or other instrumentality.

(i) "Indemnified Party" means any Seller Indemnitee or Buyer Indemnitee.

(j) "Knowledge of Seller" or any similar qualification regarding the knowledge of Seller means to the actual knowledge of Aaron Delfausse.

(k) "Leased Real Property" means the real property identified in the Lease.

(l) "Lien" means any mortgage, pledge, lien, security interest, option, covenant, condition, restriction, encumbrance, charge or other third-party claim of any kind, other than (i) liens for Taxes not yet due and payable; (ii) purchase money liens and liens securing rental payments under capital lease arrangements; (iii) liens of carriers, laborers, materialmen, mechanics, repairmen or warehousemen, and other similar liens imposed by law and arising in the ordinary course of business for liabilities not yet due; and (iv) easements, restrictions, exceptions, reservations, encumbrances or defects which, in the aggregate, do not materially interfere with the conduct of the Business or materially affect the value thereof.

(m) "Person" means an individual, corporation, partnership, association, trust, government or political subdivision or agent or instrumentality thereof, or other entity or organization.

(n) "Taxes" means all taxes, however denominated, including any interest, penalties or other additions to tax that may become payable in respect thereof, imposed by any federal, territorial, state, or local government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all sales and use taxes, ad valorem taxes, excise taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, real property gains taxes, transfer taxes, payroll and employee withholding taxes, unemployment insurance contributions, social security taxes, and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which are required to be paid, withheld or collected.

(o) "Unearned Revenue" means cash revenue received from customers of the Business by the Seller on or prior to the Closing Date in respect of services to be performed by the Business after the Closing Date.

1.2 **References**. Except as otherwise expressly provided in this Agreement, for all purposes of this Agreement: (i) the terms defined in this Agreement include the plural as well as the singular; (ii) all references in this Agreement to designated "Articles," "Sections," "Exhibits," and other subdivisions are to the designated Articles, Sections, Exhibits, and other subdivisions of this Agreement; (iii) pronouns of either gender or neuter include, as appropriate, the other pronoun forms; (iv) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision; (v) "or" has the inclusive meaning represented by the phrase "and/or"; (vi) "including" and "includes" shall be deemed to be followed by "but not limited to" and "but is not limited to," respectively; (vii) references to agreements and other documents shall be deemed to include all subsequent amendments and other modifications thereto; and (viii) all references in this Agreement to dollars or "$" shall mean United States dollars.

2. Sale and Purchase

2.1 **Transfer of Assets**. Subject to the terms and conditions of this Agreement, Seller shall sell, assign, transfer, and deliver to Buyer, and Buyer shall purchase and accept from Seller, all of Seller's right, title and interest in and to the following assets, free and clear of all Liens, which are owned, held, or used by Seller in connection with the operation of the Business, as the same shall exist on the Closing Date (collectively, the "Purchased Assets"):

(a) all of the fixtures, furniture, equipment, signs and other tangible assets of the Business located at the Leased Real Property, including those items set forth on Schedule 2.1(a) attached to this Agreement;

(b) all supplies and other inventories of the Business (the "Inventory");

(c) all rights under (i) the Lease, and (ii) contracts, agreements, leases licenses, commitments, sales and purchase orders and other instruments relating to the tangible assets as listed on Schedule 2.1(c) attached to this Agreement and incorporated into this Agreement by reference (the "Non-Real Property Contracts" and, together with the Lease, the "Assigned Contracts");

(d) all accounts receivable, notes receivable and other receivables of the Business listed on Schedule 2.1(d) attached to this Agreement;

(e) all prepaid expenses relating to the operation of the Business listed on Schedule 2.1(e) attached to this Agreement including Taxes, leases and rentals;

(f) to the extent transferable under applicable law and relating solely to the Business, all permits, licenses, authorizations, consents and approvals of any Governmental Entity maintained and used by Seller in the operation of the Business, including without limitation, the items listed on Schedule 2.1(f) attached to this Agreement and incorporated into this Agreement by reference (collectively, the "Permits");

(g) all telephone numbers and telecopier numbers for the Business as more fully described on Schedule 2.1(g) attached to this Agreement and incorporated into this Agreement by reference; and

(h) except to the extent excluded pursuant to Section 2.2, all books, records files, invoices, and papers used in the Business, whether in hard copy or electronic format, provided, however, that Seller may retain a copy of (i) any such books and records to the extent necessary for accounting,

litigation or other valid purposes and (ii) all financial records of Seller and its Affiliates (whether or not such records relate to the Purchased Assets).

2.2 **Excluded Assets**. Notwithstanding anything contained in Section 2.1, Seller shall retain all right, title and interest to, and shall not transfer to Buyer, any rights, titles, interests, properties, assets, contracts or leases of Seller that are not included in the "Purchased Assets" (as defined in Section 2.1 of this Agreement) (collectively, the "Excluded Assets") (it being understood that Buyer will have the right to use certain Excluded Assets pursuant to the Franchise Agreement), including, but not limited to:

(a) all trade secrets, license rights, business and marketing plans and all intellectual or intangible property embodied in or pertaining to the Business;

(b) all customer lists for the customers of the Business;

(c) all goodwill associated with the Business and the Purchased Assets and Excluded Assets;

(d) Security deposits, cash, and cash equivalents; and

(e) (i) all books and records that Seller is required by applicable law to maintain in Seller's possession, (ii) the personnel files and medical files for any Employee, (iii) the minute books, stock records, corporate seal and books and records regarding Taxes of Seller, and (iv) proprietary information of Seller.

2.3 **Transfer of Liabilities**.

(a) Notwithstanding anything herein to the contrary, in no event shall Buyer be deemed to have assumed any liabilities, obligations or commitments of Seller with respect to the Excluded Assets (the "Retained Liabilities"). For the avoidance of doubt and without limiting the generality of the foregoing, Retained Liabilities shall include, without limitation, any liability for, and on account of, any Employee benefit plan of Seller, or any predecessor employer of any Employee of Seller.

(b) Buyer shall be responsible for all liabilities, obligations or commitments with respect to the Purchased Assets, including, without limitation, (1) all payments and obligations arising under the Lease from and after the Closing Date and (2) for delivery of services to customers for which customers have, as of Closing Date, prepaid but which services have not yet been delivered by Seller and shall be delivered by Buyer (collectively, the "Assumed Liabilities"). Buyer shall pay, perform and discharge, when due, all of the Assumed Liabilities and shall defend, indemnify and hold harmless Seller (and Seller's officers, directors, Employees, representatives and Affiliates) from and against any claims, causes of action, demands, liabilities, damages, settlements, judgments and expenses (including attorney's fees and costs) arising from or relating to Buyer's failure to pay, perform and discharge, when due, all of the Assumed Liabilities.

2.4 **Purchase Price**. In consideration for the sale, assignment, transfer and delivery by Seller to Buyer of the Purchased Assets, Buyer agrees to pay to Seller at Closing the aggregate purchase price of [INSERT AMOUNT] (the "Purchase Price"), by wire transfer of immediately available funds to an account or accounts designated by Seller.

2.5 **Purchase Price Adjustment**. The parties agree to adjust the Purchase Price at the Closing to reflect any and all adjustments to the Purchase Price including without limitation to account for certain Assumed Liabilities and Excluded Assets (such as unearned revenues and security deposits).

3. **Closing**. The Closing shall take place remotely via the exchange of payment, documents, and signatures and shall be deemed to have occurred at 11:59 p.m. Central Time on [INSERT DATE], 201_ (the "Closing Date").

3.1 At the Closing, Seller shall deliver or shall have delivered to Buyer the following:

(a) a bill of sale substantially in the form of Exhibit A attached hereto (the "Bill of Sale"), dated the Closing Date and duly executed by Seller;

(b) the Lease Assignment Agreement, duly executed by Seller and Landlord; and

(c) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement.

3.2 At the Closing, Buyer shall deliver or shall have delivered to Seller the following:

(a) the Purchase Price;

(b) the Lease Assignment Agreement, duly executed by Buyer; and

(c) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Seller, as may be required to give effect to this Agreement.

4. **Representations and Warranties of Seller.** Seller hereby represents and warrants to Buyer that, to the Knowledge of Seller, the statements contained in this Section 4 are correct and complete as of the Closing Date, except as otherwise set forth in the Schedules (the "Disclosure Schedules") accompanying this Agreement. The Disclosure Schedules shall be arranged in Schedules corresponding to the numbered and lettered Sections of this Section 4, and the disclosures of any Schedule of the Disclosure Schedules shall provide information regarding, and qualify only, the corresponding numbered and lettered Section, unless and to the extent (i) cross references to other Schedules are set forth in the Schedules or (ii) it is apparent due to the nature of the disclosure that such disclosure qualifies one or more of the other numbered and lettered Sections of this Section 4.

4.1 **Organization, Standing and Power**. Seller is a [INSERT TYPE OF ENTITY] duly organized, validly existing and in good standing under the laws of its jurisdiction of organization. Seller has the requisite corporate power and authority and all necessary Permits, authorizations, consents, and approvals of all Governmental Entities to carry on the Business as now being conducted. If Seller is not organized in the state where the Business is located, then Seller is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the Business is located.

4.2 **Authority**. The execution and delivery of this Agreement (and all other agreements and instruments contemplated under this Agreement) by Seller, the performance by Seller of its obligations hereunder and thereunder, and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all necessary action by the governing body of and members of Seller, and no other act or proceeding on the part of or on behalf of Seller or its members is necessary to approve the execution and delivery of this Agreement and such other agreements and instruments, the performance by Seller of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby. The signatory officers of Seller have the power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be

executed and delivered by Seller pursuant hereto, to consummate the transactions hereby and thereby contemplated and to take all other actions required to be taken by Seller pursuant to the provisions hereof and thereof.

4.3 **Execution and Binding Effect**. This Agreement has been duly and validly executed and delivered by Seller and constitutes, and the other agreements and instruments to be executed and delivered by Seller pursuant hereto, upon their execution and delivery by Seller, will constitute (assuming, in each case, the due and valid authorization, execution and delivery thereof by Buyer), legal, valid and binding agreements of Seller, enforceable against Seller in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and general principals of equity (whether considered in a proceeding in equity or at law).

4.4 **Consents and Approvals of Governmental Entities**. There is no requirement applicable to Seller to make any filing, declaration or registration with, or to obtain any permit, authorization, consent or approval of, any Governmental Entity as a condition to the lawful consummation by Seller of the transactions contemplated by this Agreement and the other agreements and instruments to be executed and delivered by Seller pursuant hereto or the consummation by Seller of the transactions contemplated herein or therein.

4.5 **No Violation**. Except as set forth in Schedule 4.5, neither the execution, delivery and performance of this Agreement and all of the other agreements and instruments to be executed and delivered by Seller pursuant hereto, nor the consummation of the transactions contemplated hereby or thereby, will, with or without the passage of time or the delivery of notice or both, (a) conflict with, violate or result in any breach of the terms, conditions or provisions of organizational documents of Seller, (b) conflict with or result in a material violation or a material breach of, or constitute a material default or require the consent of any Person (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any contract, notice, license, franchise, permit, agreement, lease or other instrument or obligation to which Seller is a party or by which Seller or any of the Purchased Assets may be bound, or (c) violate any statute, ordinance or law or any rule, regulation, order, writ, injunction or decree of any Governmental Entity applicable to Seller or by which any Purchased Assets or Assumed Liabilities may be bound.

4.6 **Consents**. Schedule 4.6 sets forth each Assigned Contract requiring a consent as a result of the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby (each a "Required Consent").

4.7 **Financial Information**. Seller has delivered or made available to Buyer an unaudited balance sheet (the "Balance Sheet") for the Business at [INSERT DATE] (the "Balance Sheet Date"). Seller has delivered or made available to Buyer copies of its unaudited statements of income for the Business for the most recent period it has available (together with the Balance Sheet, the "Financial Statements"). The Financial Statements have been prepared consistently for all periods presented, and revenues presented on the Financial Statements have been recognized in accordance with GAAP, consistently applied. The Financial Statements present fairly the financial condition, operating results and cash flows of the Business as of the dates and during the periods indicated therein, subject to normal year-end adjustments and the omission of footnotes.

4.8 **No Undisclosed Liabilities**. Seller does not have any liability, indebtedness, obligation, expense, claim, deficiency, guaranty or endorsement of any type, in excess of $10,000 individually or in the aggregate, whether accrued, absolute, contingent, matured, unmatured or other (whether or not

required by GAAP to be reflected in the Financial Statements) which (i) is not reflected in the Balance Sheet or (ii) has not arisen in the ordinary course of the Business since the Balance Sheet Date.

4.9 **Absence of Certain Changes**. Since the Balance Sheet Date, Seller has conducted the Business in the ordinary course of business, and Seller:

(a) has not created, incurred or assumed (i) any borrowings under capital leases, or (ii) any obligation which in any material way affects (A) the Business, (B) the Purchased Assets or, (C) as reasonably anticipated by Seller, Buyer's ability to conduct the Business in substantially the same manner and condition as conducted by Seller on the Closing Date;

(b) has not changed in any manner the compensation of, or agreed to provide additional benefits to (other than the hiring of new Employees in the ordinary course of business), or enter into any employment agreement with, any Employee;

(c) has maintained insurance coverage in amounts adequate to cover the reasonably anticipated risks of the Business conducted with the Purchased Assets;

(d) has not acquired or agreed to acquire any assets which are material, individually or in the aggregate, to the Business;

(e) has not sold, disposed of or encumbered any of the Purchased Assets or licensed any Purchased Assets to any Person;

(f) has not entered into any agreements or commitments relating to the Business conducted with the Purchased Assets, except on commercially reasonable terms in the ordinary course of business;

(g) has, to the Knowledge of Seller, complied in all material respects with all laws and regulations applicable to the Business;

(h) has not commenced a lawsuit related to or involving the Purchased Assets or the Assumed Liabilities;

(i) has not assigned, sold or otherwise conveyed to any third party, any of its accounts receivable prior to the Closing Date; or

(j) has not made any agreement to do any of the foregoing.

4.10 **Assets Generally**.

(a) The Purchased Assets include all tangible personal property, and only such property, currently used by Seller in operating the Business and, as reasonably anticipated by Seller, necessary for Buyer to operate the Business after the Closing Date in a manner substantially equivalent to the manner in which Seller operated the Business as of the Effective Date. Other than the Required Consents, the Lease Assignment Agreement and the Franchise Agreement, no licenses or other consents from, or payments to, any other Person are or, as reasonably anticipated by Seller, will be necessary for Buyer to operate the Business and use the Purchased Assets in the manner in which Seller has operated the same.

(b) Seller holds good and marketable title, license to or leasehold interest in all of the Purchased Assets and has the power and, provided that the Required Consents are obtained, will have the right to sell, assign and deliver the Purchased Assets to Buyer at Closing. Upon consummation of the transactions contemplated by this Agreement and provided that the Required Consents are obtained, Buyer will acquire good and marketable title, license or leasehold interest to the Purchased Assets free and clear of any Liens and there exists no restriction on the use or transfer of the Purchased Assets, except as may be assumed hereunder by Buyer as an Assumed Liability. No Person other than Seller has any right or interest in the Purchased Assets, including the right to grant interests in the Purchased Assets to third parties, except for Purchased Assets licensed or leased from third parties which are set forth in the Seller Disclosure Schedule and identified as such.

(c) Except for the Leased Real Property, none of the Purchased Assets are held under any lease, security agreement, conditional sales contract, Lien, or other title retention or security arrangement.

(d) All of the Purchased Assets are in good operating condition and repair, ordinary wear and tear excepted, as required for their use in the Business as presently conducted, and conform to all applicable laws, and no notice of any violation of any law relating to any of the Purchased Assets or Assumed Liabilities has been received by Seller.

4.11 **Real Property**. The Leased Real Property is the only real property currently leased by Seller and used primarily in connection with the Business. The Lease is in full force and effect. The Lease is valid and effective in accordance with its terms against Seller and, to the Knowledge of Seller, the other parties thereto. A true, correct and complete copy of the Lease is attached hereto as Exhibit B. The premises or property described in the Lease is presently occupied or used by Seller as lessee under the terms of the Lease. Seller is not in default under the Lease and, to the Knowledge of Seller, the other party thereto is not in default under the Lease.

4.12 **Accounts Receivable**. All Accounts Receivable included in the Purchased Assets are valid and genuine in the aggregate amount thereof, subject to normal and customary trade discounts less any reserves for doubtful accounts recorded on the Balance Sheet. All Accounts Receivable arising out of or relating to the Business on the Balance Sheet Date have been included in the Balance Sheet.

4.13 **Licenses and Permits**. Seller holds all consents, approvals, registrations, certifications, authorizations, Permits and licenses of, and has made all filings with, or notifications to, all Governmental Entities pursuant to applicable requirements of all federal, state, and local laws, ordinances, governmental rules or regulations applicable to the Business. To the Knowledge of Seller, no consents, approvals, authorizations, registrations, certifications, Permits, filings or notifications that it has received or made to operate the Business are invalid or have been or are being suspended, canceled, revoked or questioned. There is no investigation or inquiry to which Seller is a party or, to the Knowledge of Seller, pending or threatened, relating to the Business and its compliance with applicable federal, state, or local laws, ordinances, governmental rules or regulations. Each such consent, approval, registration, certification, authorization, Permit or license that is included in the Purchased Assets is transferable and shall be transferred to Buyer in accordance with the terms of this Agreement.

4.14 **Employees**.

(a) Schedule 4.14(a) sets forth the names, home addresses, compensation levels, and job titles of all Employees. None of Seller's employees, consultants, officers, or directors is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would conflict with

their obligation to promote the interests of Seller with regard to the Business or the Purchased Assets or that would have a material adverse affect on the Business or the Purchased Assets. Neither the execution nor the delivery of this Agreement by Seller, nor the carrying on of the Business by its Employees, will conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such persons or entities are now obligated.

(b) All Employees are employed by Seller on an "at will" basis and will be terminated by Seller effective as of the close of business on the Closing Date. On the Closing Date, each Employee shall have been paid to it all amounts payable by Seller that are due and owing under applicable law. Seller shall be solely liable and responsible for all accrued salary, vacation and other accrued compensation benefits payable up to the Closing Date. Seller makes no warranty, express or implied, with respect to the qualifications or character of any Employee at the Business. There are no written or oral contracts of employment between Seller and any Employee.

4.15 **Taxes**. All Taxes owed by Seller relating to the Business or the Purchased Assets have been paid within the time and in the manner prescribed by law. Seller and any other Person required to file returns or reports of Taxes have duly and timely filed all returns and reports of Taxes required to be filed prior to the Closing Date, and all such returns and reports are true, correct, and complete. There are no Liens for Taxes (other than for current Taxes not yet due and payable) on any of the Purchased Assets. Seller has complied with all record keeping and Tax reporting obligations relating to income and employment taxes due with respect to compensation paid to Employees providing services to the Business. There are no pending or, to the Knowledge of Seller, threatened proceedings with respect to Taxes relating to the Business, and there are no outstanding waivers or extensions of statutes of limitations with respect to assessments of Taxes of the Business.[1]

4.16 **Compliance with Law**. The operation of the Business has been conducted in all material respects in accordance with all applicable laws, regulations and other requirements of Governmental Entities having jurisdiction over the same.

4.17 **Material Contracts**.

(a) Schedule 4.17(a) contains a list of all agreements and contracts which are material to the Business (each a "Material Contract").

(b) Each Material Contract is a legal, valid and binding agreement, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and general principals of equity (whether considered in a proceeding in equity or at law). Neither Seller nor, to the Knowledge of Seller, any other party to a Material Contract is in material default under any Material Contract. Seller is not in receipt of any claim of default under any Material Contract and has not received any written notice proposing or threatening termination of any Material Contract. Seller has delivered or made available to Buyer true and complete copies of each Material Contract together with all amendments, waivers or other changes thereto.

4.18 **Litigation; Other Claims**. There are no claims, actions, suits, inquiries, proceedings, or investigations against Seller, or any of its officers, directors, or members, relating to the Business, the Purchased Assets or the Employees, which are currently pending or, to the Knowledge of Seller, threatened, at law or in equity or before or by any Governmental Entity, or which challenges or seeks to prevent, enjoin, alter or materially delay any of the transactions contemplated hereby. No Governmental

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1 May be adjusted for states with bulk sale laws, such as New Jersey.

Entity has at any time challenged or questioned the legal right of Seller to offer or sell the products or services of the Business in the present manner or style thereof.

4.19 **Defaults**. Seller is not in default under or with respect to any judgment, order, writ, injunction or decree of any court or any Governmental Entity.

4.20 **Brokers and Finders**. Neither Seller nor any of its officers, directors or Employees has employed any broker or finder or incurred any liability for any brokerage fee, commission or finder's fee in connection with the transactions contemplated by this Agreement.

4.21 **Insurance**. Schedule 4.21 lists all insurance policies and fidelity bonds covering the Purchased Assets. There is no claim by Seller pending under any of such policies or bonds as to which coverage has been questioned, denied or disputed by the underwriters of such policies and bonds as of the Effective Date. All premiums due and payable under all such policies and bonds have been paid and Seller is otherwise in material compliance with the terms of such policies and bonds (or other policies and bonds providing substantially similar insurance coverage). There is no threatened termination of, or material premium increase with respect to, any of such policies.

4.22 No Other Warranties; Liability Limitation.

(a) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED BY THIS AGREEMENT, THE PURCHASED ASSETS ARE BEING TRANSFERRED TO BUYER ON AN "AS IS" BASIS AND SELLER MAKES NO WARRANTY RELATING TO SUCH PURCHASED ASSETS WHATSOEVER, INCLUDING NO WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SELLER HEREBY DISCLAIMS ALL IMPLIED AND STATUTORY WARRANTIES WITH RESPECT TO THE PURCHASED ASSETS, INCLUDING WARRANTIES AS TO MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

(b) UNDER NO CIRCUMSTANCES SHALL SELLER BE LIABLE TO BUYER WITH RESPECT TO THE PURCHASED ASSETS FOR ANY CONSEQUENTIAL, INDIRECT, EXEMPLARY, SPECIAL OR INCIDENTAL DAMAGES OF ANY KIND REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR OTHERWISE, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

5. **Representations and Warranties of Buyer**. Buyer represents and warrants to Seller as follows:

5.1 **Organization**. Buyer is a [INSERT ENTITY] duly formed and validly existing under the laws of [INSERT], and has full power and authority and the legal right to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer pursuant hereto, and to consummate the transactions contemplated hereby and thereby.

5.2 **Authority**. The execution and delivery of this Agreement (and all other agreements and instruments contemplated hereunder) by Buyer, the performance by Buyer of its obligations hereunder and thereunder, and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all necessary action by the **[shareholders / members]** of Buyer, and no other act or proceeding on the part of Buyer or its **[shareholders / members]** is necessary to approve the execution and delivery of this Agreement and such other agreements and instruments, the performance by Buyer of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby. The signatory officers of Buyer have the power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer

pursuant hereto, to consummate the transactions hereby and thereby contemplated and to take all other actions required to be taken by Buyer pursuant to the provisions hereof and thereof.

5.3 **Execution and Binding Effect**. This Agreement has been duly and validly executed and delivered by Buyer and constitutes, and the other agreements and instruments to be executed and delivered by Buyer pursuant hereto, upon their execution and delivery by Buyer, will constitute (assuming, in each case, the due and valid authorization, execution and delivery thereof by Seller), legal, valid and binding agreements of Buyer, enforceable against Buyer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, or other laws affecting the enforcement of creditors' rights generally or provisions limiting competition, and by equitable principles.

5.4 **Consent and Approvals**. There is no requirement applicable to Buyer to make any filing, declaration or registration with, or to obtain any Permit, authorization, consent or approval of, any Governmental Entity as a condition to the lawful consummation by Buyer of the transactions contemplated by this Agreement and the other agreements and instruments to be executed and delivered by Buyer pursuant hereto.

5.5 **No Violation**. Neither the execution, delivery and performance of this Agreement and of all the other agreements and instruments to be executed and delivered pursuant hereto, nor the consummation of the transactions contemplated hereby or thereby, will, with or without the passage of time or the delivery of notice or both, (a) conflict with, violate or result in any breach of the terms, conditions or provisions of the [DESCRIBE ORGANIZATIONAL DOCUMENTS] of Buyer, (b) conflict with or result in a violation or breach of, or constitute a default or require consent of any Person (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any notice, bond, mortgage, indenture, license, franchise, Permit, agreement, lease or other instrument or obligation to which Buyer is a party or by which Buyer or any of its properties or assets may be bound, or (c) violate any statute, ordinance or law or any rule, regulation, order, writ, injunction or decree of any Governmental Entity applicable to Buyer or by which any of its properties or assets may be bound.

6. Covenants

6.1 **Tax Returns**. Following the Closing, Seller shall, to the extent that failure to do so could have a material adverse affect on the Business or the Purchased Assets, (a) continue to file in a timely manner all returns and reports relating to Taxes relating to the operation of the Business or to the Purchased Assets for any period ending prior to the Closing Date, and (b) be responsible for and pay when due any and all such Taxes.

6.2 **Further Assurances**. Following the Closing, Buyer and Seller shall, from time to time, execute and deliver all such other and further materials and documents and instruments of conveyance, transfer or assignment, and shall take such further actions, as may reasonably necessary or appropriate, to effect, record or verify the transfer to, and vesting in Buyer, of Seller's right, title and interest in and to the Purchased Assets, free and clear of all Liens, in accordance with the terms of this Agreement.

6.3 **Transfer Taxes**. Seller shall be responsible for paying, shall promptly discharge when due, and shall reimburse, indemnify and hold Buyer harmless from, any sales or use, transfer, excise, stamp, or other similar Taxes (other than Taxes measured by, or with respect to, income imposed on Buyer) incurred in connection with the transactions contemplated by this Agreement (collectively, "Transfer Taxes"). Seller and Buyer shall cooperate in the filing, at Purchaser's expense, of all necessary tax returns and other required documents with respect to such Transfer Taxes in a timely manner. Each

Party shall receive copies of such tax returns and documents, and Buyer shall promptly provide to Seller proof of payment of any such Transfer Taxes. Buyer shall provide to Seller, and Seller shall provide to Buyer, all exemption certificates or resale certificates with respect to the listed Transfer Taxes that may be provided for under applicable Law. Such certificates shall be in the form, and shall be signed by the proper Party, as provided under applicable Law.

6.4 **Seller to Operate in Ordinary Course of Business**. During the period from the date of this Agreement to the Closing Date, Seller shall conduct the operations of the Business only in the ordinary and usual course of business consistent with past practices.

6.5 **Utilities**. Seller shall use commercially reasonable efforts to discontinue all utility and telephone service to the Business in Seller's name as soon as practicable after the Closing Date. Buyer shall use commercially reasonable efforts to transfer such services to Buyer's name so that there is no interruption of such services as a result of the transactions contemplated by this Agreement. Seller shall not be responsible for payment of any related charges effective on or after the close of business on the Closing Date.

6.6 **Employees**. As of the Closing, each Employee shall be terminated by Seller and Buyer may tender employment to each of the Employees, such employment to commence on terms mutually satisfactory to Buyer and the respective Employees; provided, however, if Buyer, in its sole discretion, determines that one or more of the Employees is not suitable for hire by Buyer, Buyer shall in no way be obligated to tender employment to and of such Employees.

6.7 **No Warranties; Liability Limitation.** Except as otherwise expressly provided by this Agreement, the Purchased Assets are being transferred to Buyer on an "as is" basis and Seller makes no warranty relating to such Purchased Assets whatsoever, including no warranty as to merchantability or fitness for a particular purpose. Seller hereby disclaims all implied and statutory warranties with respect to the Purchased Assets, including warranties as to merchantability and fitness for a particular purpose.

6.8 **Certain Prorated Costs**. Within sixty (60) days after Closing, and solely with respect to the water, gas, electricity and other utilities, and the rent payable for the month in which Closing occurs, the Buyer and Seller shall reasonably agree upon the prorated portion of each for the Business that relates to the period prior to 12:01 a.m. on the Closing Date (which shall be allocated to Seller) and the portion that relates to the period after such time (which shall be allocated to the Buyer). Appropriate settlement shall be made by the Parties as soon as practicable following such final determination so that each has paid (or reimbursed the other for) the portion of such utilities and rent that is so allocated to them hereunder.

7. Indemnification

7.1 **Indemnification By Seller**. Subject to the other terms and conditions of this Section 7, Seller shall indemnify Buyer, any Affiliate of Buyer and its and their directors, officers, members, employees, representatives, agents, and permitted assignees and successors (the "Buyer Indemnitees") against, and shall hold the Buyer Indemnitees harmless from and against, any and all actual out-of-pocket losses, damages, liabilities, costs or expenses, including reasonable attorneys' fees ("Losses") incurred or sustained by, or imposed upon, a Buyer Indemnitee based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Seller pursuant to this Agreement; or

(c) any Retained Liability.

7.2 **Indemnification by Buyer**. Subject to the other terms and conditions of this Section 7, Buyer shall indemnify Seller, any Affiliate of Seller and its and their directors, officers, members, employees, representatives, agents, and permitted assignees and successors (the "Seller Indemnitees") against, and shall hold the Seller Indemnitees harmless from and against, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement; or

(c) any Assumed Liability.

7.3 **Limitations**.

(a) Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is twelve (12) months from the Closing Date. None of the covenants or other agreements contained in this Agreement shall survive the Closing Date other than those which by their terms contemplate performance after the Closing Date, and each such surviving covenant and agreement shall survive the Closing for the period contemplated by its terms.

(b) No Buyer Indemnitee shall be entitled to indemnification hereunder (i) to the extent arising out of the gross negligence, willful misconduct, misrepresentation or fraud of any Buyer Indemnitee, or (ii) until the aggregate of all such claims is at least Ten Thousand U.S. Dollars (US $10,000) but in no event shall Seller's aggregate indemnification obligations under Section 7.2 (an "Indemnification Claim") exceed thirty percent (30%) of the Purchase Price (the "Cap"); provided that such Cap shall not apply to any Indemnification Claim arising from or related to any Retained Liabilities.

(c) To be entitled to indemnification hereunder, the Buyer Indemnitee or Seller Indemnitee, as applicable, must provide notice of indemnification pursuant to Section 7.4 prior to the expiration or termination of the representation, warranty or covenant pursuant to which such person is claiming indemnification hereunder. The expiration or termination of any representation, warranty or covenant pursuant to Section 7.3(a) shall not affect the Parties' obligations under Sections 7.1 or 7.2 if the Buyer Indemnitee or Seller Indemnitee, as applicable, provided the Party required to provide indemnification under this Agreement (the "Indemnifying Party") with proper notice of the claim or event for which indemnification is sought prior to such expiration or termination.

(d) Except to the extent otherwise provided in this Agreement (including Section 2.5), the rights and remedies of Seller and Buyer under this Section 7 are exclusive and in lieu of any and all other rights and remedies which Seller and Buyer may have under this Agreement or otherwise for monetary relief, with respect to (i) any breach of or failure to perform any covenant, agreement, or representation or warranty set forth in this Agreement, after the occurrence of the Closing, or (ii) the Assumed Liabilities or the Retained Liabilities, as the case may be.

(e) No Indemnified Party shall be entitled to recover from the Indemnifying Party for any liabilities, damages, obligations, payments, losses, costs or expenses under this Agreement any amount in excess of the actual compensatory damages, court costs and reasonable attorney's and other advisor fees suffered by such Party. Buyer and Seller each waive, on behalf of themselves, the Seller Indemnitees and the Buyer Indemnitees, any right to recover punitive, incidental, special, exemplary or consequential damages arising in connection with or with respect to this Agreement. The provisions of this Section 7.3(e) shall not apply to indemnification for punitive, incidental, special, exemplary or consequential damages actually rendered by a court of competent jurisdiction in respect of a Third Party Claim.

7.4 **Indemnification Procedures**.

(a) **Third Party Claims**. If any Indemnified Party receives notice of the assertion or commencement of any action, suit, claim or other legal proceeding made or brought by any Person who is not a Buyer Indemnitee or a Seller Indemnitee against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement (a "Third Party Claim"), the Indemnified Party shall give the Indemnifying Party prompt written notice thereof (the "Claim Notice"). The Claim Notice shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party within 30 days of receipt of notice from the Indemnified Party of such Third Party Claim, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right, at its own cost and expense, to participate in the defense of any Third Party Claim with counsel selected by it, subject to the Indemnifying Party's right to control the defense thereof. If the Indemnifying Party elects not to compromise or defend such Third Party Claim or fails to notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending Party, management employees of the non-defending Party as may be reasonably necessary for the preparation of the defense of such Third Party Claim. A Third Party Claim of a Buyer Indemnitee may not be settled without the prior written consent of Seller, which consent shall not be unreasonably withheld.

(b) **Direct Claims**. Any claim by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party prompt written notice thereof. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have sixty (60) days after its receipt of such notice to respond in writing to such Direct Claim. During such 60-day period, the Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Indemnified Party's premises and

personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 60-day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement. If the Indemnifying Party does so respond within such 60-day period, then for the 30-day period after such response the Indemnified Party and the Indemnifying Party shall negotiate in good faith to resolve such Direct Claim, and the Indemnified Party may not pursue further remedies during such period.

(c) **Tax Treatment of Indemnification Payments**. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by applicable law.

8. Miscellaneous

8.1 **Amendments and Waivers**. Any term of this Agreement may be amended or waived with the written consent of the Parties or their respective successors and assigns. Any amendment or waiver effected in accordance with this Section 8.1 shall be binding upon the Parties and their respective successors and assigns.

8.2 **Successors and Assigns**. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the Parties or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. This Agreement may not be assigned by Buyer prior to the Closing Date.

8.3 **Governing Law**. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the Parties shall be governed, construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law. Each of the Parties consents to the exclusive jurisdiction and venue of the courts of the state and federal courts of New York.

8.4 **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

8.5 **Titles and Subtitles**. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

8.6 **Notices**. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or forty-eight (48) hours after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the Party to be notified at such Party's address or facsimile number as set forth below, or as subsequently modified by written notice.

If, to Seller: SCHOOL OF ROCK LLC
114 Shore Drive
Burr Ridge, Illinois 60527
Attn: Chief Development Officer

If, to Buyer: [INSERT ADDRESS]

8.7 **Severability**. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the Parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each Party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

8.8 **Entire Agreement**. This Agreement and the documents referred to herein (including the exhibits and schedules attached hereto, which are incorporated herein by reference) are the product of both of the Parties, and constitute the entire agreement between such parties pertaining to the subject matter hereof and thereof, and merge all prior negotiations and drafts of the parties with regard to the transactions contemplated herein and therein. Any and all other written or oral agreements existing between the parties hereto regarding such transactions are expressly canceled.

8.9 **Advice of Legal Counsel**. Each Party acknowledges and represents that, in executing this Agreement, it has had the opportunity to seek advice as to its legal rights from legal counsel and that the person signing on its behalf has read and understood all of the terms and provisions of this Agreement. This Agreement shall not be construed against any Party by reason of the drafting or preparation thereof.

[Signatures to follow on separate page]

This Agreement has been duly executed and delivered by the duly authorized officers of Seller and Buyer as of the date first above written.

SELLER:

[SCHOOL OF ROCK ENTITY NAME**]**

_____

Name: _____

Title: _____

BUYER:

[INSERT NAME]

_____

Name: _____

Title: _____

EXHIBIT A

BILL OF SALE

THIS BILL OF SALE (this "Bill of Sale") is made and entered into as of _____, 201_ by and between **[**SCHOOL OF ROCK ENTITY NAME**]**, a [INSERT TYPE OF ENTITY] ("Seller"), in favor of **[_____]**, a [INSERT STATE] [INSERT TYPE OF ENTITY] ("Buyer").

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement, dated _____, 201_ (the "Asset Purchase Agreement"); and

WHEREAS, pursuant to the Asset Purchase Agreement, Seller desires to transfer, assign, convey and deliver to Buyer the tangible personal property included in the Purchased Assets.

NOW, THEREFORE, in consideration of the foregoing and the agreements and covenants set forth herein and those set forth in the Asset Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby agrees as follows:

1. **Definitions**. Unless otherwise set forth in this Bill of Sale, each capitalized term used in this Bill of Sale has the meaning given to such term in the Asset Purchase Agreement.

2. **Conveyance of Assets**. Seller hereby grants, bargains, sells, assigns, transfers, and conveys to Buyer all right, title and interest in and to the tangible personal property included in the Purchased Assets.

3. **Asset Purchase Agreement Controls**. This Bill of Sale is expressly subject to the provisions of the Asset Purchase Agreement. To the extent that any terms and provisions of this Bill of Sale are in any way inconsistent with or in conflict with any term, condition or provision of the Asset Purchase Agreement, the Asset Purchase Agreement shall govern and control.

4. **General Provisions.**

4.1 This Bill of Sale may be amended or modified only by means of a written instrument executed by the parties hereto.

4.2 The laws of the State of New York (without regard to its conflicts of laws principles) will govern the validity of this Bill of Sale, the construction of its terms and the interpretation of the rights and duties of the parties hereunder.

4.3 This Bill of Sale and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Bill of Sale nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto, including by operation of law, without the prior written consent of the other party hereto, such consent not to be unreasonably withheld. Any assignment in contravention of the foregoing sentence shall be null and void and without legal effect on the rights and obligations of the Parties. Nothing in this Bill of Sale, express or implied, is intended to confer upon any Person other than the Parties or their respective successors and assigns any

rights, remedies, obligations, or liabilities under or by reason of this Bill of Sale, except as expressly provided in this Bill of Sale.

4.4 This Bill of Sale may be executed in one or more counterparts, which together will constitute a single instrument. Signatures of the parties hereto transmitted by facsimile or in .pdf format will be deemed to be their original signatures for all purposes.

4.5 The captions and headings contained in this Bill of Sale are for convenience of reference only and shall not be deemed to define or limit the provisions hereof.

4.6 This Bill of Sale, together with the Asset Purchase Agreement and the other documents and agreements executed and delivered by the parties to the Asset Purchase Agreement at the Closing thereunder, constitute the entire agreement and supersede all other prior agreements or understandings, whether written or oral, between the parties hereto with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Seller has executed this Bill of Sale effective as of the date set forth above.

SELLER:

[SCHOOL OF ROCK ENTITY NAME**]**

By: _____
Name:
Title:

EXHIBIT B

LEASE

EXHIBIT M TO
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE SECURED PROMISSORY NOTE

(See attached.)

SECURED PROMISSORY NOTE

$_____ date: _____

FOR VALUE RECEIVED, _____, a _____ ("**Maker**"), promises to pay School of Rock, LLC, a Delaware limited liability company ("**Payee**"), on behalf of _____ ("**Seller**"), in lawful money of the United States of America, the principal sum of _____ ($_____), together with interest in arrears on the unpaid principal balance at an annual rate equal to eight percent (8%), in the manner provided below. Interest shall be calculated on the basis of a year of 365 or 366 days, as applicable, and charged for the actual number of days elapsed.

This Secured Promissory Note (this "**Note**") has been executed and delivered pursuant to and in accordance with the terms and conditions of the Asset Purchase Agreement, dated _____, by and between Maker and Seller (the "**Agreement**") and is subject to the terms and conditions of the Agreement, which are, by this reference, incorporated herein and made a part hereof. Capitalized terms used in this Note without definition shall have the respective meanings set forth in the Agreement.

1. Payments.

1.1 Principal and Interest. The principal amount of this Note shall be due and payable in eight four (84) equal consecutive monthly installments commencing on _____ and on the first day of each month thereafter, until paid in full. Interest on the unpaid principal balance of this Note shall be due and payable monthly, together with each payment of principal.

1.2 Manner of Payment. All payments of principal and interest on this Note shall be made by the fifth (5^{th}) day of each month, and any payment not actually received by Payee on or before such monthly due date shall be deemed past due. Maker shall not be entitled to set off any payments required to be made pursuant to this Note against any monetary claim Maker may have against Payee or any of Payee's affiliates Maker shall furnish to Payee the name of Maker's bank and Maker's account number, a voided check from such bank account, and written authorization for Payee to withdraw funds from the bank account via electronic funds transfer, without further consent or authorization, for all monthly payments and any other amounts due under this Note. Maker shall execute all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement described above, as Payee may require, and Maker agrees to pay all costs associated with any such transfer. In the event Maker changes banks or accounts, Maker shall, prior to such change, provide Payee with information concerning the new account and an authorization to make withdrawals therefrom as set forth above.

1.3 Prepayment. Maker may, without premium or penalty, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment.

1.4 Past Due Amounts. All past due amounts hereunder shall bear interest from the date due until paid at a rate equal to the rate first stated above, plus two percent (2%) (the "Default Rate").

2. Security.

2.1 Grant of Security Interest. As collateral security for Maker's performance of its obliga-

tions hereunder, Maker hereby pledges and grants to Payee a first priority lien on and security interest in and to all of the right, title and interest of Maker in the Business and the Purchased Assets, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the "**Collateral**").

2.2 Perfection. Maker shall take all actions as may be requested by Payee to perfect the security interest of Payee in the Collateral. Maker hereby irrevocably authorizes Payee at any time and from time to time to file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by Maker hereunder, without the signature of Maker where permitted by law. Maker agrees to provide all information required by Payee pursuant to this Section 2.2 promptly to Payee upon request. Maker agrees that at any time and from time to time, at the expense of Maker, Maker will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that Payee may request, in order to perfect and protect any security interest granted hereby or to enable Payee to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral.

2.3 Covenants. Maker shall, at its own cost and expense, defend title to the Collateral and the first priority lien and security interest of Payee therein against the claim of any person claiming against or through Maker and shall maintain and preserve such perfected first priority security interest for so long as this Note shall remain in effect. Maker shall not sell, offer to sell, dispose of, convey, assign or otherwise transfer, grant any option with respect to, restrict, or grant, create, permit or suffer to exist any mortgage, pledge, lien, security interest, option, right of first offer, encumbrance or other restriction or limitation of any nature whatsoever on, any of the Collateral or any interest therein. Maker will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. Maker will permit Payee, or its designee, to inspect the Collateral at any reasonable time, wherever located.

3. Defaults.

3.1 Events of Default. The occurrence of any one or more of the following events with respect to Maker shall constitute an event of default hereunder ("**Event of Default**"):

(a) If Maker shall fail to pay when due any payment of principal or interest on this Note and such failure continues for fifteen (15) days after Payee notifies Maker thereof in writing.

(b) If Maker shall fail to observe or perform any other covenant, condition or agreement contained in this Note (other than as specified in Section 3.1(a)) or the Agreement and such failure continues for thirty (30) days after Payee notifies Maker thereof in writing.

(c) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "**Bankruptcy Law**"), Maker shall (i) commence a voluntary case or proceeding; (ii) consent to the entry of an order for relief against it in an involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator or similar

official; (iv) make an assignment for the benefit of its creditors; or (v) admit in writing its inability to pay its debts as they become due.

(d) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against Maker in an involuntary case; (ii) appoints a trustee, receiver, assignee, liquidator or similar official for Maker or substantially all of Maker's assets; or (iii) orders the liquidation of Maker, and in each case the order or decree is not dismissed within sixty (60) days.

3.2 Notice by Maker. Maker shall notify Payee in writing within five (5) days after the occurrence of any Event of Default of which Maker acquires knowledge.

3.3 Remedies. Upon the occurrence of an Event of Default hereunder (unless all Events of Default have been cured or waived by Payee), Payee may, at its option, (i) by written notice to Maker, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon, immediately due and payable regardless of any prior forbearance, (ii) exercise any and all rights and remedies available to it under applicable law, including, without limitation, the right to collect from Maker all sums due under this Note, and (iii) without any other notice to or demand upon Maker, assert all rights and remedies of a secured party under the Uniform Commercial Code or other applicable law, including, without limitation, the right to take possession of, hold, collect, sell, lease, deliver, grant options to purchase or otherwise retain, liquidate or dispose of all or any portion of the Collateral. Maker shall pay all reasonable costs and expenses incurred by or on behalf of Payee in connection with Payee's exercise of any or all of its rights and remedies under this Note, including, without limitation, reasonable attorneys' fees. To the extent permitted by applicable law, Maker waives all claims, damages and demands it may acquire against Payee arising out of the exercise by it of any rights hereunder.

4. Miscellaneous.

4.1 Waiver. The rights and remedies of Payee under this Note shall be cumulative and not alternative. No waiver by Payee of any right or remedy under this Note shall be effective unless in a writing signed by Payee. Neither the failure nor any delay in exercising any right, power or privilege under this Note will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege by Payee will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no claim or right of Payee arising out of this Note can be discharged by Payee, in whole or in part, by a waiver or renunciation of the claim or right unless in a writing signed by Payee; (b) no waiver that may be given by Payee will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on Maker will be deemed to be a waiver of any obligation of Maker or of the right of Payee to take further action without notice or demand as provided in this Note. Maker hereby waives presentment, demand, protest and notice of dishonor and protest.

4.2 Notices. Any notice required or permitted to be given hereunder shall be given in accordance with Section 8.6 of the Agreement.

4.3 Severability. If any provision in this Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Note will remain in full force and effect. Any provision of this Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

4.4 Governing Law. This Note will be governed by and construed under the laws of the State of Delaware without regard to conflicts-of-laws principles that would require the application of any other law.

4.5 Parties in Interest. This Note shall not be assigned or transferred by Maker without the express prior written consent of Payee. Subject to the preceding sentence, this Note will be binding in all respects upon Maker and inure to the benefit of Payee and its successors and assigns.

4.6 Section Headings; Construction. The headings of Sections in this Note are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section or Sections of this Note unless otherwise specified. All words used in this Note will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words "hereof' and "hereunder" and similar references refer to this Note in its entirety and not to any specific section or subsection hereof, the words "including" or "includes" do limit the preceding words or terms and the word "or" is used in the inclusive sense.

[*Signature page follows*]

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the date first stated above.

_____

By:_____

Name:_____

Title: _____

EXHIBIT N TO
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

(See attached.)

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If School of Rock Franchising LLC ("School of Rock") offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, School of Rock or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that School of Rock gives you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan and Washington require that School of Rock gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration.

If School of Rock does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

School of Rock authorizes the agents listed in Exhibit B to receive service of process on its behalf.

The franchise seller(s) offering this franchise is/are checked off below:

___ Colin Fitzpatrick, 2101 E. El Segundo Blvd., Suite 102 El Segundo, CA 90245, (630) 474-3782
___ Ken Tomczak, 2101 E. El Segundo Blvd., Suite 102, El Segundo, CA 90245, (720) 398-5981
___ Alicia Miller, 2101 E. El Segundo Blvd., Suite 102, El Segundo, CA 90245, (614) 802-7023
___ _____

Issuance Date: April 6, 2017. (See page iii for state effective dates.)

I have received a disclosure document dated April 6, 2017 that included the following exhibits:

EXHIBIT A	List of State Administrators	EXHIBIT G-2	Renewal Amendment to Franchise Agreement
EXHIBIT B	List of Agents for Service of Process	EXHIBIT H	Confidentiality and Non-Disclosure Agreement
EXHIBIT C	Table of Contents for Manuals	EXHIBIT I	General Release
EXHIBIT D	List of Current and Former Franchisees and Licensees	EXHIBIT J	State Addenda
EXHIBIT E	Financial Statements	EXHIBIT K	Franchisee Disclosure Questionnaire
EXHIBIT F	School of Rock Development Agreement	EXHIBIT L	Asset Purchase Agreement
EXHIBIT G-1	School of Rock Franchise Agreement	EXHIBIT M	Sample Secured Promissory Note
		EXHIBIT N	Receipt

_____	_____	_____
Date	Prospective Franchisee	Print Name
_____	_____	_____
Date	Prospective Franchisee	Print Name

PLEASE SIGN AND DATE THIS PAGE AND RETAIN THIS PAGE IN YOUR POSSESSION AS PART OF YOUR RECORDS.

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_____	_____	_____
Date	Prospective Franchisee	Print Name
_____	_____	_____
Date	Prospective Franchisee	Print Name

PLEASE REMOVE THIS PAGE, SIGN AND DATE ABOVE, AND RETURN IT TO:
SCHOOL OF ROCK FRANCHISING LLC,
2101 E. El Segundo Blvd., Suite 102 El Segundo, CA 90245