

FRANCHISE DISCLOSURE DOCUMENT RECEIVED

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Best In Class Education Center, LLC
A Washington Limited Liability Company
3712 88th Avenue SE
Mercer Island, Washington 98040
Phone: (425) 880-2688
Fax: (206) 337-7939
Email: franchise@bestinclasseducation.com
Website: www.bestinclasseducation.com

Best In Class Education Center, LLC offers franchises for the operation of an education center that provides school-aged children with supplemental learning opportunities in the areas of Mathematics and English as well as SAT and ACT preparation courses.

The total investment necessary to begin operation of a Best In Class Education Center franchise ranges from \$75,500 to \$128,100. This includes \$35,000 to \$40,000 that must be paid to us and our affiliate. However, if you are an existing BrainChild franchisee (described in Item 1 of this Disclosure Document) who is converting to the Best In Class Education Center franchise system, the total investment necessary to begin operation your Best In Class Education Center franchise ranges from ~~\$42,900~~\$41,900 to ~~\$72,200~~\$69,200. This includes \$20,000 to \$25,000 that must be paid to us and our affiliate.

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 government 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 different formats, contact the franchisor at 3712 88th Avenue SE, Mercer Island, Washington 98040 or by phone at (425) 880-2688.

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 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 (the "FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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 1, 2013 (amended May 30, 2013)

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 THAT ALL DISAGREEMENTS BE SETTLED BY MEDIATION, ARBITRATION OR LITIGATION IN KING COUNTY, WASHINGTON. OUT-OF-STATE MEDIATION, ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE, ARBITRATE OR LITIGATE WITH US IN KING COUNTY, WASHINGTON THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT STATES THAT WASHINGTON 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. EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT "HOME STATE" LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THIS DISCLOSURE DOCUMENT FOR DETAILS.

3. THE FRANCHISOR IS A START-UP COMPANY THAT WAS FORMED ON FEBRUARY 11, 2011 AND HAS ONLY JUST BEGUN TO OFFER FRANCHISES. THEREFORE, THERE IS ONLY A BRIEF OPERATING HISTORY TO ASSIST YOU IN JUDGING WHETHER TO MAKE THIS INVESTMENT.

4. YOU MUST MEET THE MINIMUM PERFORMANCE REQUIREMENTS DESCRIBED IN ITEM 12 OF THIS DISCLOSURE DOCUMENT. IF YOU FAIL TO MEET THESE REQUIREMENTS, WE MAY TERMINATE YOUR FRANCHISE OR ELIMINATE YOUR TERRITORIAL PROTECTIONS.

5. ALL FRANCHISE OWNERS AND THEIR SPOUSES MUST SIGN A PERSONAL GUARANTY MAKING THE OWNERS AND THEIR SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE WHETHER OR NOT SUCH SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER AND THEIR SPOUSE AT RISK.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date: April 25, 2013 (amended _____, 2013)

No litigation is required to be disclosed in this Item. California law requires additional disclosures related to the information contained in Item 3. These additional disclosures appear in the California Addendum that is attached to this Disclosure Document as EXHIBIT "I".

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Fee

If you are purchasing your 1st Best In Class Education Center franchise, you will pay us a \$30,000 initial franchise fee. If you are purchasing your 2nd Best In Class Education Center franchise, you will receive a 25% discount off of our initial franchise fee (\$22,500 initial franchise fee). If you are purchasing your 3rd or subsequent franchise, or you are an existing BrainChild franchisee who is converting your BrainChild Education Center to a Best In Class Education Center, you will receive a 50% discount off of our initial franchise fee (\$15,000 initial franchise fee). If you are a United States Veteran, you will also receive an additional \$3,000 discount off of the initial franchise fee for the first 3 franchised centers that you open. The entire initial franchise fee is payable in full at the time you sign the Franchise Agreement. We will refund 50% of the initial franchise fee if we terminate the Franchise Agreement before you complete the initial training program (unless we terminate because you choose not to attend initial training) and you sign a General Release (see EXHIBIT "H") in our favor. The initial franchise fee is not refundable under any other circumstances. All initial franchise fees are uniform (except for the discounts listed above) and fully earned.

Inventory of Educational Materials

Before opening, you must purchase your initial supply of educational materials from our affiliate, LBIS. These materials include items such as curriculum, workbooks and worksheets and other instruction and study aids. You may purchase hard copies of these items from LBIS, in which case we estimate that your initial purchase will range from \$5,000 to \$10,000 for these items. Alternatively, you may acquire and print these items from the online printing portal on an "as needed" basis, in which your initial investment for your initial supply of inventory will decrease. The cost for these materials is uniform and non-refundable.

New Market Development Incentive

If a franchisee opens the first Best In Class Education Center in a state before the end of 2013 (i.e., there are no other Best In Class Education Centers open in that state prior to the opening of the franchisee's outlet), we will apply \$10,000 of the \$30,000 initial franchise fee to: (i) pre-approved grand opening marketing activities to promote the opening of the franchisee's center; and/or (ii) pre-approved post-opening marketing activities conducted within 6 months after opening to promote the franchisee's center.

Fee Deferral

All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of California. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS
Royalty Fee	12% of monthly	7 th day of month for	You must send us monthly reports of your

Franchise Disclosure Document (2013 California)
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