

FRANCHISE DISCLOSURE DOCUMENT



NEW HORIZONS FRANCHISING GROUP, INC.

A Delaware Corporation
 1900 S. State College Boulevard, Suite 450
 Anaheim, CA 92806
 tel: (714) 940-8000
 fax: (714) 940-8312
 www.newhorizons.com

Franchise Business: We offer franchises for the operation of computer-related learning centers (“Centers”) to independent operators throughout the United States and other countries.

Total Initial Investment: The total investment necessary to begin operation of a Center will fall between \$296,015 to \$653,800 (Start-Up Franchise) and \$58,015 to \$572,550 (Conversion Franchise). These totals include Initial Fees of \$60,000 - \$150,000 (Start-Up Franchise) or \$45,000 - \$93,750 (Conversion Franchise) that must be paid to us.

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 (or such earlier date as required by applicable state law - see State Addenda) 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 the disclosure document in another format, contact Craig Brubeck, Director of North American Franchise Development, New Horizons Franchising, Group, Inc., 1900 South State College Boulevard, Suite 450, Anaheim, California 92806 (telephone: (714) 940-8188; fax: (714) 940-8312; e-mail: craig.brubeck@newhorizons.com).

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, N.W., 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: March 29, 2016

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 OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit G 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 THE FRANCHISEE TO ARBITRATE OR LITIGATE ONLY IN ORANGE COUNTY, CALIFORNIA. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE OR LITIGATE IN CALIFORNIA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. YOU MUST PAY MINIMUM MONTHLY ROYALTY FEES OF \$1,000 EVEN IF THE FRANCHISE BUSINESS HAS NO REVENUE. THESE MINIMUM MONTHLY FEES BEGIN 4 MONTHS (IF YOU ARE A START-UP FRANCHISEE) OR 6 MONTHS (IF YOU ARE A CONVERSION FRANCHISEE) AFTER YOU SIGN THE FRANCHISE AGREEMENT EVEN IF THE FRANCHISE BUSINESS HAS NOT YET OPENED. MINIMUM FEES BEGINNING WITH THE SECOND YEAR OF THE TERM, AND THEN INCREASE EACH YEAR THROUGH THE FIFTH YEAR OF THE TERM, OF THE FRANCHISE AGREEMENT AS WE EXPLAIN IN ITEM 6 OF THIS FRANCHISE DISCLOSURE DOCUMENT. SEE ALSO EXHIBIT L.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchises. 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 make sure to do your own investigation of the franchise.

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES:

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

State	Effective Date
California	
Hawaii	Not Filed
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	Not Filed
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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