

FAQ'S: THE KUMON FRANCHISE SYSTEM

We need to point out to you that Kumon North America is a franchisor. The most famous franchise system is probably McDonald's. Like all franchisors in the U.S., Kumon is subject to federal and state disclosure laws that may prevent us from answering some of your questions prior to your receiving our Uniform Franchise Offering Circular or UFOC for short. All of the details of the Kumon Franchise opportunity are disclosed in the UFOC document. You will be provided our UFOC should we mutually agree to pursue each other, or at our first face-to-face meeting.

HOW MUCH IS THE FRANCHISE FEE?

Currently, the franchisee fee is \$1000 for a math & reading franchise at one location. This fee is subject to change in the future.

HOW MUCH IS YOUR ROYALTY FEE PER MONTH?

We actually do not charge a royalty but a flat fee per student, per subject each month. That fee is currently \$33.75 and can be reduced to \$30.00 if you meet certain requirements after one year of operation. Again, the details of this and other questions about our franchise opportunity can be found in our UFOC.

HOW MUCH DO I CHARGE THE STUDENTS?

Our suggested tuition is \$80 per student per subject and the suggested registration fee is \$30 per student (not per subject). However, fees can and do vary from center to center and it is not unusual for the tuition to range from \$80 to \$100.

WHAT KIND OF QUALIFICATIONS ARE YOU LOOKING FOR?

We will go over these in detail should we decide to meet face to face, and our UFOC explains the qualification process. Once we receive the completed Application form, we will then send you a UFOC. Based on the information in the Application form, we may invite you to meet with us, at which time you will take a math and reading proficiency test. You must score at least 70% on each test to be considered for Preliminary Training.

In general, we are looking for someone who loves working with children, is a good communicator, strong math and reading skills, ties to the community and can dedicate their full-time effort to growing the Kumon Center. Satisfactory and adequate performance during the Preliminary Training Program is also a requirement. We usually require candidates to possess a 4-year college degree, but exceptions can be made in extraordinary circumstances.

WHAT KIND OF TRAINING DO YOU PROVIDE?

- All Start-up Training is conducted by the National Training Department (NTD), based out of Oakbrook Terrace, IL (a suburb of Chicago)
- Start-up Training is 8 days in Chicago.
- Conducted over a 3 - month period
- Days are divided into two 4 day cycles.
- Day 1-4: Introduction to the Kumon Organization, Method, Site Search and Business Planning, student assessment and enrollment, instruction and learning materials, Center Management Software 2 (CMS2), marketing, and in-center training at the Willowbrook Company Center
- Days 5-8: Training at the NTD location, focusing on Parent Communication, instruction and learning materials, Center Management Software 2 (CMS2), administration, Jr. Kumon, in-center training, and the trainee's business plan presentations

I HAVE A SPECIFIC AREA IN MIND, IS IT OKAY TO OPEN THERE?

The Franchise Recruitment Department will give you a call after we receive your completed application. At that time they will review your qualifications as well as the area you are interested in to see if it is available.

CAN I HAVE A NON-COMMERCIAL SITE?

At this time, we expect all centers to open in commercial storefront space, or commercial space that can accommodate a large Kumon display sign that we provide to the franchisee at no cost. We can discuss this with you further should we decide to meet.

WHAT KIND OF COMPANY SUPPORT DO YOU OFFER AFTER WE OPEN UP?

Item 11 of the UFOC contains specific information on the type of support we give you after you begin operating your Center, so you should review this section thoroughly. In general, we currently offer a rental subsidy for 12 consecutive months that is capped at \$700 per month, follow up training, monthly instructor meetings at your branch office, use of our proprietary software "CMS2", and ongoing support and consultation from your local branch office. We also hold an annual national instructor conference that you are encouraged to attend (mostly at your own cost).

HOW MUCH MONEY DO I NEED TO OPEN A KUMON CENTER?

The initial investment to open one new Kumon Center is contained in Item 7 of our UFOC with notes that follow the fee schedule. The range of initial investment will vary based on several factors, such as the area where your Center is located, rental costs, costs of living in your area, travel costs to attend Preliminary Training, the medium for your advertising, the cost of a personal computer that meets our minimum specifications, and whether or not you employ assistants at your Center.

HOW MANY STUDENTS DO I NEED TO MAKE A PROFIT?

Because Kumon chooses not to make earnings claims in Item 19 of our UFOC, we cannot speculate about how much money you will earn as a Kumon Franchisee. This is the case even when we provide you with a UFOC. You should review Items 5, 6 and 7 of the UFOC and figure the flat student fee payable to Kumon along with other fixed costs such as rent. Revenue generated, on the other hand, is merely an exercise in student projection. As you can see, once you have our UFOC, it will not be too difficult for you to determine your potential earnings. You will also be able to contact current franchisees from the Exhibit C list.

HOW MUCH SPACE IS NEEDED?

Generally 1000 to 1500 square feet to start.

DOES TRAINING COST ANYTHING?

You will be required to sign a Training Agreement and write a training deposit check for \$500, and will be responsible for all travel and hotel costs associated with attending training. This can be discussed in more detail with a Franchise Recruitment Manager.

HOW MANY DAYS A WEEK IS THE CENTER OPEN?

Initially, the Center must be open at least two non-consecutive days per week for a minimum of three consecutive hours each day after school. You may choose to open your Center for more than two days per week, and eventually, we would expect you to as your center grows.



CAN I OPEN A SECOND CENTER RIGHT AWAY?

No, you must satisfy all TLP requirements (this is covered in the UFOC). However, the minimum wait period is at least 12 months.

WHO HANDLES THE ADVERTISING?

As stated in the UFOC, this is your responsibility. However, we do have a marketing person that can assist you with graphics. All advertising must receive written pre-approval from Kumon before it is placed. In addition, it is normal for the branch offices to provide some limited subsidies to Instructors; however, they vary from year to year.

DOES KUMON FIND THE LOCATION FOR ME?

You will receive guidance in training for finding the right space. Kumon must approve the geographic location and the building before your Center can open. We also suggest that you consider using a commercial broker to assist you on locating potential sites to submit to Kumon for approval. You will be working very closely with the Franchise Recruitment Department for guidelines and approval.

DO I SIGN A CONTRACT?

You will sign the Kumon Franchise Agreement upon satisfactory completion of training and location approval by Kumon. You should not sign any lease contracts without Kumon's written approval.

HOW LONG DO I HAVE TO KEEP MY FRANCHISE ONCE I OPEN?

As with any new business venture, an individual should be committed to growing their business over an extended period of time. However, with 6 months written notice to Kumon, a franchisee may terminate their franchise, but the franchisee would probably still have lease obligations to the landlord that would have to be met. Essentially, our recommendation is that you do not pursue the Kumon Franchise opportunity unless you are fully committed for the long-term to growing the learning Center.

HOW DO I GET STUDENTS?

Business plans and marketing will be covered in training.

WHAT KIND OF TESTS DO YOU GIVE?

Part of the screening process includes a reading, spelling, punctuation test and a math test including fractions and Algebra (passing score is 70%)

WHAT IF I DO NOT ACHIEVE PASSING SCORES?

At Kumon's discretion, we may offer a retest and you would have to score 80%.

HOW DO YOU HANDLE PARTNERSHIPS?

This is a fairly complex question and you should refer to the offering circular plus have the Franchise Recruitment Manager go over the process. Our Corporate Attorney will review all documents before granting approval from Kumon.

WHAT ARE YOUR QUALIFICATIONS FOR HIRING AN INSTRUCTOR ONCE I'VE OPENED A CENTER?

As a requirement of our Franchise Agreement, the Franchisee is the Instructor and must personally attend and instruct on days when the Center is open.

WHAT QUALIFICATIONS ARE YOU LOOKING FOR IF I HIRE ASSISTANTS?

This is the responsibility of the Franchisee and must comply with all aspects of the Franchise Agreement. (please refer to the offering circular for more information). Also, remember that you would be the employer and the assistants would be your employees and it is your responsibility to meet all local, State, and Federal labor laws and regulations.

WHAT MATERIALS ARE PROVIDED AND HOW MUCH DO THE MATERIALS COSTS?

Most all of the essential materials are provided at no cost, however we do have some supplemental materials that you will want to purchase. A list of chargeable and nonchargeable items can be found in the offering circular (please refer to Exhibits A & B).

WHAT KIND OF FURNITURE DO YOU REQUIRE FOR THE CENTER?

Tables, chairs, file cabinets, and shelves to store worksheets. (a standard furniture and equipment package is available, and maybe required in the future)

This information is not intended as an offer to sell or the solicitation of an offer to buy a franchise. We offer franchises solely by means of our Uniform Franchise Offering Circular. Certain states and foreign countries have laws governing the offer and sale of franchises. If you are a resident of one of these states or foreign countries, we will not offer you a franchise unless and until we have complied with all applicable legal requirements in your jurisdiction.

