

## SUBSCRIPTION AGREEMENT

This Subscription Agreement (this “**Agreement**”) is made and entered into by and between Scholastic Expeditions Inc., a California Benefit Corporation (the “**Company**”), and the undersigned investor (“**Investor**”) as of the date set forth on the Company’s signature page hereto.

1. Subscription. Investor hereby subscribes for and agrees to purchase the number of shares of the Company’s Series A Preferred Stock (“**Shares**”) set forth on the signature page hereto, at a purchase price of \$2.00 per Share (the “**Purchase Price**”), subject to the terms and conditions of this Agreement. The minimum subscription amount is 2,500 Shares (for a minimum aggregate Purchase Price of \$5,000) (the “**Minimum Subscription**”).

2. Payment. Together with Investor’s execution and delivery to the Company of this Agreement, Investor shall pay the aggregate Purchase Price by check or other form of payment accepted by the Company. Payment by check shall be made payable to Scholastic Expeditions Inc. and mailed to the Company’s address set forth on the signature page hereto.

3. Dividends. Investor elects to receive dividends in the form of (choose one):

4.  travel

5.  cash

6.  Investor elects to donate the dividends to the Company’s scholarship fund.

7. This election will remain in effect until Investor notifies Company of a change in election.

(a) If Investor elects to earn dividends in cash:

8. Dividends will be paid when, as, and if declared by the Company’s Board of Directors, out of any funds and assets of the Company legally available therefor. Dividends will be cumulative and will accrue at the annual rate of five percent (5%) (“**Dividend Rate**”), prior and in preference to the payment of any dividend on the Company’s common stock. Such dividends will accrue on each Share from the date on which such Share is issued by the Corporation, and will accrue annually until paid. No accumulation of dividends on the Shares will bear any interest. To the extent that dividends are not paid in cash, they will continue to accrue, but no payments upon accrued and undeclared dividends will be due to holders of Shares, subject to liquidation and redemption rights addressed below. The Board may determine whether and when to declare dividends in its sole discretion, subject to any requirements of the California Corporations Code. The Company expects to begin declaring dividends in 2020.

(a) If Investor elects to earn dividends in the form of travel:

9. Trips will be awarded to the holder of Shares according to the chart below:

| <u>Total Purchase Price of all Shares Held:</u> | <u>Corresponding Travel</u> |
|---|-----------------------------|
| \$5,000-\$7,499                                 | 1 trip every 6 years        |
| \$7,500-\$9,999                                 | 1 trip every 4 years        |
| \$10,000-\$14,999                               | 1 trip every 3 years        |
| \$15,000-\$19,999                               | 1 trip every 2 years        |
| \$20,000+                                       | 2 trips every 2 years       |

10.

11. Travel dividends will be awarded and can be redeemed for travel only at the end of each period listed in the chart above. Travel dividends do not include airfare. Travel dividends can be used for travel by Investor or anyone designated by Investor (e.g. child, grandchild), subject to the Company's requirements for each trip, such as minimum number of participants, age range, physical fitness requirements, etc. Investor may donate the travel dividend to the Company's scholarship fund, which is used to benefit economically disadvantaged students.

(a) Changing from cash to travel: Investor may switch from cash dividends to travel dividends at any time by giving written notice of the new choice to the Company. Cash dividends that have accrued up to the date the Company receives notice of such change will remain on the Company's books, and will be paid when dividends are declared. As of the date the Company receives notice of such change, cash dividends will no longer accrue, and the time period for earning travel according to the chart above will begin.

(b) Changing from travel to cash: The Company will not convert partially-earned travel dividends to cash, except in the event that the Company redeems the shares, as explained below. A travel dividend is earned only at the end of the relevant time period; therefore a holder must hold the Shares for the entire time period in order to earn travel dividends that can be redeemed for one or more trips. Investor may switch from travel to cash dividends at any time by giving written notice of the change to the Company, and cash dividends will begin to accrue as of the date the Company receives such notice. A holder of Shares who switches from travel to cash will forfeit any partially-earned or earned but un-used trips; the Company intends for the holders of Shares who choose travel to hold the Shares until a trip is earned before changing their election to cash dividends.

12. Acceptance/Rejection of Subscriptions. Notwithstanding Investor's execution and delivery to the Company of this Agreement or any payment made by Investor to the Company in connection herewith, the Company may choose for any reason not to sell any Shares to Investor or to sell to Investor a number of Shares that is less than the number of Shares proposed to be purchased by Investor (but not less than the Minimum Subscription). If the Company agrees to sell Shares to Investor (whether the full number of Shares proposed to be purchased by Investor or a lesser number), then this Agreement shall constitute an irrevocable

commitment by Investor to purchase the applicable number of Shares; the Company shall countersign and return to Investor a copy of this Agreement and, subject to receiving payment of the Purchase Price, the Company shall deliver to Investor a transaction statement giving notice of issuance of uncertificated Shares. If the Company chooses not to sell any Shares to Investor, the Company shall return to Investor any payment made by Investor to the Company in connection herewith, and thereupon this Agreement shall be of no further force or effect. If the Company chooses to sell to Investor a number of Shares that is less than the number of Shares proposed to be purchased by Investor, the Company shall promptly return to Investor any portion of any payment made by Investor to the Company in connection herewith that exceeds the aggregate Purchase Price for the number of Shares being sold to Investor hereunder.

13. Representations, Warranties, and Covenants of the Investor. Investor represents and warrants to the Company, and covenants, as follows:

(a) Offering Memorandum. Investor has received a copy of and has carefully read the disclosure document relating to the offering of the Shares, including the Company's articles of incorporation and bylaws and all other exhibits thereto (the "**Offering Memorandum**"), and Investor fully understands (i) the rights, preferences, privileges and restrictions of the Shares, as described in the Offering Memorandum, including the Company's articles of incorporation and bylaws, and this Agreement, and (ii) the risks associated with investing in the Shares. Without limiting the foregoing, Investor understands that the offer and sale of the Shares is made pursuant to, and subject to the terms and conditions of (including transfer restrictions imposed under), a permit granted by the California Department of Business Oversight.

(b) Suitability Requirements; California Residency. Investor satisfies the suitability requirements set forth in Section 12 of the Offering Memorandum; and (i) if Investor is an individual, his or her principal residence is in the state of California, and (ii) if Investor is an entity, its principal office is within the state of California.

(c) Able to Assess Risks. Investor has the requisite knowledge to assess the relative merits and risks of the investment contemplated hereby or has relied upon the advice of Investor's professional advisor(s) with regard to the investment contemplated hereby. Investor acknowledges that the Company has made available to Investor the opportunity to ask questions of and receive answers from the Company's officers and directors concerning the terms and conditions of this Agreement, the business and financial condition of the Company and the rights, preferences, privileges, and restrictions of the Shares, and Investor has received to its satisfaction such information regarding such matters as Investor has requested.

(d) Investor Advised to Seek Representation. Investor understands that nothing in this Agreement or any other materials made available to Investor by or on behalf of the Company in connection with the offer and sale of the Shares constitutes legal, tax, or investment advice. The Company has advised Investor to consult with such legal, tax, and investment advisors as Investor, in its sole discretion, deems necessary or appropriate in connection with an investment in the Shares.

(e) No Finder's Fee. Investor is not and will not be (and, if applicable, none of Investor's officers, directors, employees, or agents is or will be) obligated for any finder's or broker's fee or commission in connection with the transactions contemplated hereby.

(f) Complete Information. All information provided by Investor to the Company in connection with the purchase of Shares is true, correct, and complete as of the date hereof, and if there should be any change in such information, Investor will promptly provide the Company with appropriate updated information.

(g) Authority; Binding Agreement. Investor has full right, power, authority, and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken any necessary actions to authorize its execution, delivery, and performance of this Agreement. This Agreement, when countersigned by the Company, constitutes a valid and binding obligation of Investor, enforceable against Investor in accordance with its terms, except as enforceability may be limited by applicable law.

(h) Indemnity. Investor shall indemnify and hold harmless the Company and its officers, directors, employees, and agents from and against any and all losses, damages, liabilities, costs, or expenses, including reasonable attorney's fees, incurred or suffered by them as a result of any breach of Investor's representations, warranties and covenants hereunder.

14. Redemption by Holder. As of five years after issuance and subject to the limitation below, Investor has the right to request that the Company redeem (buy back) its Shares by submitting a written request for redemption to the Company at least 30 days before the date of redemption. If such request is granted, and if Shares are redeemed from five (5) years to seven (7) years after issuance, the Company will pay the holder 100% of the "**Redemption Price,**" where the Redemption Price is the amount originally paid for the Shares, adjusted for any stock splits, recapitalizations, or the like, plus all accrued but unpaid cash dividends. If such request is granted, and if Shares are redeemed more than seven (7) years after issuance, the Company will pay the holder 120% of the Redemption Price for the Shares. If the Company's Board of Directors determines that a requested redemption may impair the Company's ability to operate effectively, or if there are no funds legally available to pay for the redemption, the Board of Directors may limit, postpone, or refuse the redemption.

15. Redemption by the Company. The Company reserves the right to redeem (buy back) any or all Shares at any time, in the sole discretion of the Board of Directors. If the Company elects to redeem Shares, holders of the redeemed Shares are entitled to receive an amount equal to 120% of the Redemption Price. For holders of Shares earning travel dividends that are redeemed by the Company, the Redemption Price will include the amounts of all dividends that would have accrued if cash dividends had been elected for any partially completed travel earning period. The holder must use or forfeit any trips that have been fully earned. The Company will send written notice of its intention to redeem Shares to the holders of the Shares to be redeemed at least thirty (30) days before the effective date of the redemption.

In the event of a sale of the Company, whether a stock sale or a sale of all or substantially all of the Company's assets, within six months after a redemption by the Company, the Company will pay the profits to its shareholders, as follows:

(a) First, to all holders of the Shares, an amount equal to the Redemption Price minus any amounts already paid to holders whose Shares were redeemed by the Company in the preceding 6 months. If profits from the sale are not sufficient to pay the Redemption Price to all holders, then the Company will distribute profits pro rata in proportion to each holder's Redemption Price;

(b) Second, to all shareholders, including former holders of the Shares whose Shares were redeemed by the Company in the preceding 6 months, pro rata according to number of shares owned.

16. Liquidation Rights. If the Company is liquidated or dissolved other than by a sale of its stock or assets, the funds and assets legally available to be distributed to the Company's shareholders ("Liquidation Funds") shall be distributed as follows:

(a) First, to each holder of the Shares, an amount equal to the Redemption Price; provided that if there are not sufficient Liquidation Funds to pay the amount due to all holders of Shares under this provision, the funds will be distributed on a pro rata basis in proportion to each holder's Redemption Price. For holders of Shares earning travel dividends that are redeemed under this provision, the Redemption Price will include the amounts of all dividends that would have accrued if cash dividends had been elected for any partially completed travel earning period. The holder must use or forfeit any trips that have been fully earned.

(b) Second, if Liquidation Funds remain after the liquidating distribution to the holders of Shares described in paragraph (a), to the common shareholders pro rata according to number of shares owned.

17. Voting Rights. Holders of the Shares shall have no voting rights, except as required by law.

18. Conversion Rights. The Shares are nonconvertible.

19. Limitations on Transfer; Right of First Refusal.

(a) Limitations on Transfers.

(i) Investor shall not, directly or indirectly, offer, sell, pledge, transfer, or otherwise dispose of (or solicit any offers to buy, take a pledge of or otherwise receive or acquire) any Shares except in compliance with this Agreement, the Company's articles of incorporation and bylaws and any applicable state or federal securities laws, including rules and regulations thereunder.

(ii) Investor acknowledges and agrees that, during the period in which the Company is offering and selling securities that are part of the same issue as the Shares and for a period of nine (9) months thereafter, all resales of the Shares, by Investor or any other person, shall be made only to persons resident within the state of California.

(iii) Investor acknowledges that any certificate representing the Shares or any notice of issuance for the Shares, including any certificate issued or notice delivered upon any transfer of the Shares, will bear the following legends:

20. (A) “THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS. WITHOUT LIMITING THE FOREGOING, DURING THE PERIOD IN WHICH SECURITIES THAT ARE PART OF THE SAME ISSUE AS THE SECURITIES REFERENCED HEREIN ARE BEING OFFERED AND SOLD BY THE ISSUER OF THE SECURITIES REFERENCED HEREIN, AND FOR A PERIOD OF NINE MONTHS FROM THE DATE OF THE LAST SALE OF SUCH SECURITIES BY SUCH ISSUER, ALL REALES OF THE SECURITIES REFERENCED HEREIN, BY ANY PERSON, SHALL BE MADE ONLY TO PERSONS RESIDENT WITHIN THE STATE OF CALIFORNIA.”

21. (B) “THE SECURITIES REFERENCED HEREIN ARE SUBJECT TO RESTRICTIONS ON TRANSFER, RESTRICTIONS ON VOTING RIGHTS, THE COMPANY’S RIGHT TO REDEMPTION, AND THE COMPANY’S RIGHT OF FIRST REFUSAL, AS SET FORTH IN THE OFFERING MEMORANDUM, THIS SUBSCRIPTION AGREEMENT, AND THE COMPANY’S ARTICLES OF INCORPORATION. A COPY OF ANY OF THESE DOCUMENTS MAY BE OBTAINED FROM THE COMPANY WITHOUT CHARGE.”

22. (C) “IT IS UNLAWFUL TO CONSUMMATE A SALE OR TRANSFER OF THE SECURITIES REFERENCED HEREIN, OR ANY INTEREST THEREIN, OR TO RECEIVE ANY CONSIDERATION THEREFOR, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMMISSIONER OF THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA, EXCEPT AS PERMITTED IN THE COMMISSIONER’S RULES.”

(a) Right of First Refusal.

(i) Notice of Proposed Transfer. If Investor or any subsequent holder proposes to sell or otherwise transfer (including by gift or operation of law) any Shares, the holder shall, prior to consummating any such sale or transfer, deliver to the Company a written notice (the “Transfer Notice”) stating (i) the name of each proposed purchaser or other transferee (“Proposed Transferee”), (ii) the number of Shares proposed to be sold or transferred to each Proposed Transferee, (iii) the terms and conditions, including purchase price, of each proposed sale or transfer, and (iv) Investor’s offer to the Company or its

assignee(s) to purchase the Shares upon the same terms and conditions, including purchase price, as those described in the Transfer Notice (or upon terms and conditions as similar as reasonably possible to those described in the Transfer Notice) (the “Applicable Terms”). The holder shall not consummate any sale or transfer of any Shares except in accordance with clauses (iv) or (v) below.

(ii) Exercise of Right of First Refusal. At any time within 30 days after the Company receives the Transfer Notice, the Company or its assignee(s) shall have the right, exercisable by written notice to the holder during such period, to purchase any or all of the Shares described in the Transfer Notice upon the Applicable Terms; provided, however, that (x) if the purchase price described in the Transfer Notice consists of no legal consideration (as, for example, in the case of a transfer by gift), the applicable purchase price for the Company or its assignee(s) shall be the fair market value of the Shares as determined in good faith by the Company, and (y) if the purchase price described in the Transfer Notice includes non-cash consideration, the applicable purchase price for the Company or its assignee(s) shall reflect the cash value of such non-cash consideration as determined in good faith by the Company.

(iii) Payment. If the Company or its assignee(s) exercise the right of first refusal under clause (ii) above, the Company or its assignee(s) shall pay the applicable purchase price, at the election of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the holder to the Company or its assignee(s), or by any combination thereof, within 60 days after receipt of the Transfer Notice or in such other manner or at such other time as may be mutually agreed by the Company and the holder.

(iv) Holder’s Right to Transfer. If the Company or its assignee(s) do not exercise the right to purchase all of the Shares described in the Transfer Notice within the applicable time period, then the holder may sell or otherwise transfer the unpurchased Shares to the Proposed Transferee described in the Transfer Notice upon the terms and conditions, including purchase price, described in the Transfer Notice (or upon terms and conditions, including purchase price, less favorable to the Proposed Transferee), so long as (x) such sale or transfer is consummated within 120 days after the date of the Transfer Notice, (y) such sale or transfer is effected in accordance with applicable laws and (z) without limiting Section 11(d), any such Proposed Transferee agrees in writing that the provisions of this Agreement (including the transfer restrictions and covenants of Investor hereunder) shall continue to apply to the Shares in the hands of such Proposed Transferee and otherwise be binding upon such Proposed Transferee to the same extent as such provisions would (but for any such transfer) be binding on Investor. If such Shares are not so transferred to such Proposed Transferee(s) within such period, then the provisions of this Section 11(b) shall once again apply to any proposed sale or other transfer of Shares.

(v) Exception for Certain Family Transfers. Notwithstanding anything to the contrary in this Section 11(b), the transfer of any or all of the Shares during Investor’s lifetime or on Investor’s death by will or intestacy to Investor’s Close Family or a trust or similar estate-planning vehicle for the benefit of Investor or Investor’s Close Family shall be exempt from the provisions of this Section 11(b), so long as, in each case, the transferee agrees in writing

to receive and hold the Shares so transferred subject to the provisions of this Section. “Close Family” means any spouse, domestic partner, child, parent, sibling, grandparent or grandchild, cousin, aunt, uncle, niece, nephew, or stepchild.

(vi) Assignment of Rights. The Company’s rights to purchase Shares under this Section 11(b) may be assigned by the Company, in whole or in part, to any other person or entity, without any requirement that the Company obtain Investor’s consent to such assignment.

(vii) No Transfer to Competitors. Without limiting Section 11(b), without the prior written consent of the Company, Investor shall not sell or otherwise transfer (including by gift or operation of law) any Shares to (i) any third party that sells or provides, or intends to sell or provide, any products or services that directly or indirectly compete with any products or services sold or provided by the Company (“**Competitor**”), (ii) any director or officer of any Competitor, or (iii) any person who owns, or is part of a group acting in unison that owns, more than 5% of the outstanding voting securities of any Competitor.

(b) Transfer Restrictions and Covenants Binding on Transferees. The transfer restrictions and covenants of Investor under this Agreement shall continue to apply to the Shares in the hands of any transferee of the Shares and otherwise be binding upon any transferee of the Shares to the same extent as such transfer restrictions and covenants would (but for any such transfer) be binding on Investor.

(c) Stop-Transfer Instructions; Refusal to Transfer. Investor acknowledges that, to ensure compliance with the restrictions set forth herein, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records. In addition, the Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom any Shares have been sold or otherwise transferred in violation of any of the provisions of this Agreement.

23. Covenants of the Company: Annual Report. For so long as Investor holds Shares, the Company shall deliver to Investor a written annual report describing the Company’s financial performance in its most recently completed fiscal year; provided, however, that Investor shall not disclose any confidential or proprietary information in any such report to any third party, or use any such information for any purpose other than monitoring Investor’s investment in the Company, in each case without the prior written consent of the Company. Each such annual report shall be delivered to Investor at the same time as such annual report is generally delivered to holders of the Shares.

24. General Provisions.

(a) Consent of Spouse. If Investor is an individual with a spouse, Investor shall cause such spouse to execute and deliver to the Company the consent set forth in Exhibit A hereto.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of California, without giving effect to principles of conflicts of law.

(c) Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings, and agreements, whether oral or written, between them relating to the subject matter hereof.

(d) Amendments and Waivers. No modification of or amendment to this Agreement shall be effective unless in writing signed by the parties, and no waiver of any rights under this Agreement shall be effective unless in writing signed by the waiving party.

(e) Successors and Assigns. Investor may not assign this Agreement or any of its rights or obligations hereunder without the prior written consent of the Company, and any attempted assignment in violation of this provision shall be null and void. Subject to the foregoing and the transfer restrictions described herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties.

(f) Notices. Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed given when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as set forth on the signature page hereto (as may be subsequently updated by written notice to the other party), or if no address is specified on the signature page, at the most recent address set forth in the Company's books and records.

(g) Severability. If any provision of this Agreement is held to be unenforceable under applicable law in any context, such provision shall be deemed limited or modified to the minimum extent necessary to render it enforceable under applicable law in such context, and the remainder of this Agreement shall remain in full force and effect.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. An executed signature page of this Agreement delivered by facsimile transmission or by electronic mail in "portable document format" (.pdf) shall be as effective as an original executed signature page.

(i) Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to this Agreement or any notices required by

applicable law or the Company's articles of incorporation or bylaws by email or any other electronic means. Investor hereby consents to receive such documents and notices by such electronic delivery.

(j) [Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth on the Company's signature page hereto.

**Number of Shares\*:** \_\_\_\_\_

**Total Purchase Price (at \$2.00 per Share)\*:** \_\_\_\_\_

**Title to the Shares shall be registered as follows:** \_\_\_\_\_

**CERTIFICATION:**

Under penalties of perjury, Investor hereby certifies that: (a) the taxpayer ID number or social security number shown below is the correct taxpayer identification number issued to Investor; (b) Investor is not subject to backup withholding because: (i) Investor is exempt from backup withholding, or (ii) Investor has not been notified by the Internal Revenue Service (IRS) that Investor is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified Investor that it is no longer subject to backup withholding; and (c) Investor is a U.S. citizen or other U.S. person.

**INVESTOR:**

*(Only one name, signature and social security number is required for a married couple)*

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

\_\_\_\_\_

Title: \_\_\_\_\_  
*If signing for an entity*

Telephone: \_\_\_\_\_

Social Security Number or Taxpayer ID Number: \_\_\_\_\_

Email: \_\_\_\_\_

\_\_\_\_\_

Date of Birth: \_\_\_\_\_

**SCHOLASTIC EXPEDITIONS INC.**

Address: 5610 Scotts Valley Blvd, #313

(Signature) Scotts Valley, CA 95066

*\* Note: the minimum subscription is 2500 Shares (minimum total purchase price of \$5,000).*

Exhibit A

Consent of Spouse

I, \_\_\_\_\_, spouse of \_\_\_\_\_ (“Investor”), hereby acknowledge and agree that (a) I am aware of the terms of that certain Subscription Agreement (the “Agreement”) by and between Scholastic Expeditions Inc., a California Benefit Corporation (the “Company”), and Investor, and (b) in consideration of rights granted to Investor under the Agreement, any community property or other interest that I may now or in the future have in the Shares (as defined in the Agreement) shall be irrevocably bound by the terms of the Agreement.

I hereby appoint Investor as my attorney-in-fact with respect to any matters under the Agreement for which my consent may be required or any exercise of any rights under the Agreement to which I may be entitled.

Name: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_