MARKED TO SHOW CHANGES

FRANCHISE DISCLOSURE DOCUMENT

CARDIO BARRE FRANCHISE, LLC
A California Limited Liability Company
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Received
LA Mailroom
NOV 2 3 2016
Department of
Business Oversight

Richard Giorlas
CARDIO BARRE

The franchisee will offer the Cardio Barre fitness program at a single business location The total investment necessary to begin operation of a Cardio Barre franchised business is $137,323 to $228,323 This includes $40,000 that must be paid to the franchisor and $3,323 paid to its affiliates

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 different formats, contact Nicole McMaster, 12530 Riverside Drive, Studio City, California 91607, telephone (818) 761-6006

The terms of your contract will govern your franchise relationship Don't rely on the disclosure document alone to understand your contract Read your entire contract carefully Show your contract and this disclosure document to an advisor, such as 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

Issued **February 11, 2016** and amended ~~**July 26**~~ **October 28, 2016**

CA

CARDIO BARRE FRANCHISE, LLC

FRANCHISE DISCLOSURE DOCUMENT

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	Exhibit 1 Territory and Location of Outlet
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	Exhibit 3 Statement of Franchisee
	Exhibit 4 SBA Addendum for Franchisees
"B	Financial Statements
"C'	List of Franchise Outlets
D"	List of Terminated Franchises
"E"	State Franchise Administrators and Agents for Service of Process
'F	Appendix for California Franchisees
G'	Receipts

does not provide goods or services to Cardio Barre franchises or offer franchises in any line of business

ITEM 2 BUSINESS EXPERIENCE

Founder, Chief Executive Officer, Treasurer, Secretary and Manager Richard Giorla
Mr Giorla is our Founder and was named our Chief Executive Officer, Treasurer, Secretary and Manager at our inception in April 2007 He also serves as Chief Executive Officer of CBI (since June 2001) Before that, Mr Giorla was a professional dancer and choreographer

Director of Administration Nicole McMaster
Ms McMaster was named our Director of Administration in April 2014 She also serves as a Sales Associate and Stylist with Free People, Hollywood, California (since July 2010) From October 2011 to April 2014, Ms McMaster served initially as Front Desk Associate and then as Studio Manager of the Cardio Barre franchised Outlet located in Hollywood, California From May 2013 to January 2014, she served as Manager of Gregorio Photo, Los Angeles, California

Director of Franchise Operations and Development Max H Beaty
Mr Beaty was named our Director of Franchise Operations in May 2013 In February 2014, he was named Director of Franchise Operations and Development From August 2011 to May 2013, he was an independent business consultant based in Irvine, California offering advice to new business owners From January 2011 to July 2011, Mr Beaty was Senior Director of Operations of Balboa Brands, Inc , a franchisor of juice bars and yogurt shops based in Irvine, California From January 2009 to January 2011, he was an independent business consultant offering advice to new business owners

Director of Certification Jennifer Miles
Ms Miles was named our Director of Certification in April 2012 From May 2008 to April 2012, she was an Instructor with the Simi Valley Cardio Barre franchise Before that, Ms Miles was a Professional Dancer and Actress in Los Angeles, California

Project Manager Matt Patterson
Mr Patterson was named our Project Manager in March 2013 He is a Core Power Yoga instructor trainer (since September 2013) Mr Patterson served as Owner, Operator and Project Manager of Avatar Property Services, Huntington Beach, California (from February 2010 to January 2015) He also serves as Property Manager of R I S Properties, Huntington Beach, California (since August 2005)

ITEM 3 LITIGATION

On July 28, 2016, we filed a Demand for Arbitration with JAMS, Inc , in Los Angeles, California, against our franchisee operating two Outlets in Utah (*Cardio Barre Franchise LLC vs CrossReitz Group, LLC, Shantel Reitz, Megan Cross and Pamela Ford*), requesting damages of at least $33,466 90 resulting from the breaches by the respondents of their respective Franchise Agreements for filing to make required payments and abandoning the franchised locations The respondents have not yet answered the Demand and we are seeking a default judgment against them

Other than the one case described above, ~~N~~no litigation is required to be disclosed in this Item

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item

ITEM 5 INITIAL FEES

When you sign the Franchise Agreement, you must pay a lump sum initial franchise fee of $40,000 If you enter into additional Franchise Agreements, the initial franchise fee for the second and each subsequent Franchise Agreement will be $35,000

The initial franchise fee is fully earned by us when paid After initial training has been successfully completed by you, no refunds are available If you do not successfully complete initial training, or if we decide, in the exercise of our reasonable judgment, that you should not operate a Cardio Barre business, or if we cannot agree on a suitable site for your Outlet within ~~90~~ 180 days after you sign the Franchise Agreement, we may unilaterally cancel the Franchise Agreement, and if we do so, we will refund the Initial Franchise Fee you paid, less 15% (representing reimbursement of our expenses relating to processing of your Franchise Agreement and any assistance we have provided you up to the date of cancellation)

You must also purchase an initial inventory of Cardio Barre proprietary products from our affiliate CBI or a designated vendor which will cost $3,323

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty [1]	8% of ~~bi-weekly~~ semi-monthly Gross Revenues	Paid on the next business day after the 15th and last day of each month ~~bi-weekly~~ by electronic funds transfer (EFT') ~~on the Wednesday of every other week~~[2]	"Gross Revenues include all revenue from the sale of all Cardio Barre Services and Products and other products and services and all other income of every kind and nature related to your franchise operation whether for cash by redemption of gift certificates or for credit regardless of collection You must report bi-weekly Gross Revenues to us every other Monday following the applicable bi-weekly period Gross Revenues do not include sales tax or any other taxes you collect from customers for payment to an appropriate tax authority
Marketing and Promotion Fee[3]	2% of ~~bi-weekly~~ semi-monthly Gross Revenues	Paid on the next business day after the 15th and last day of each month ~~bi-weekly~~ by EFT ~~on the Wednesday of every other week~~[2]	Upon 30 days written notice we can increase the Marketing and Promotion Fee to 3% On a regional or system-wide basis we may also impose an additional assessment upon some or all franchisees for one-time advertising or promotional activities if 2/3 of all affected Cardio Barre franchised Outlets agree to such additional assessment by affirmative vote

Type of Fee	Amount	Due Date	Remarks
Initial Training Fee for Additional Attendees[1]	$1,000[4] (for each attendee)	At time of training[2]	Initial Training is provided to you and up to 5 instructors at no additional charge You must pay us a fee of $1 000 for each additional attendee of Initial Training And you are responsible for their transportation and lodging expenses
Additional Training Fee[1]	Up to $750[4] (per day)	At time of training[2]	~~In addition to the Initial Training our founder and President Richard Giorla and his assistant will personally provide an intensive 3 hour training session on Cardio Barre at your Outlet~~ After you open your Outlet, and upon reasonable notice we may require attendance of your designated personnel at training courses seminars, conferences or other programs We may charge an additional training fee of up to $750 per day for Cardio Barre training courses seminars conferences or other programs that we require you or your representatives to attend You must also pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings
Transfer Fee[1]	$7 500[4]	Not later than 10 days before the transfer[2]	The transfer fee covers our costs in reviewing the qualifications of the assignee and providing initial franchise training to the assignee There is no transfer fee if franchise is transferred to a corporation owned solely by you No fee is due if franchise is transferred to your personal representative conservator or heir upon your death or legal disability (if you are an individual) or dissolution (if you are an entity)
Renewal Fee[1 5]	$1 500[4]	Not less than 120 days before the expiration date of your Franchise Agreement[2]	You are qualified for renewal if you are in full compliance your operating requirements, all fees due us are paid and you are not in breach of any term of your Franchise Agreement
Fee for Lost Operations Manual[1]	$5 000[4]	On demand[2]	If you lose or allow the unauthorized duplication of the Confidential Operations Manual ('Manual") or any other confidential manuals or proprietary materials loaned to you by us you may be required to pay us the sum of $5 000 within 30 days after our demand for payment and you will be deemed to be in violation of this Agreement and all other agreements you have with us and our affiliated entities
Late Payment Penalty[1]	5% of the delinquent amount plus interest[2]	Immediately upon demand for payment[2]	The late payment penalty is due each time you fail to make a required payment and is in addition to interest on the unpaid amount You must also reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts

NOTES

1 All fees are imposed by and are paid to us Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable All fees are uniformly imposed

2 If any payment is not paid when due, you must pay interest on the unpaid amount at an annual percentage rate ("APR") of 10%, and you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts Interest begins from the date payment was due

3 Within the first 30 days after the Opening Date you must spend at least $2,500 on the grand opening advertising and promotion of your Outlet, using a grand opening promotional program that we approve Beginning 30 days after the Opening Date, we recommend you ~~must~~ spend at least $1,000 ~~(and we recommend between $1,000 and $3,000)~~ on the local marketing, advertising and promotion of your Outlet

4 This fee may be adjusted by changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable

5 We will not accept the renewal fee until all of the other conditions for renewal have been met

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee[1]	$40,000	Lump sum, non-refundable	When you sign the Franchise Agreement	Us
Travel and living expenses of 5 instructors while training and equity owner for initial orientation & operations training[3]	$9 500 to $13 000	As incurred	During training	Travel and Lodging Vendors
Lease, utility and security deposits[4]	$7,000 to $13,000	As incurred	Before opening	Landlord and utilities
Build out and leasehold improvements equipment, fixtures other fixed assets[5]	$40 000 to $80 000	Lump sum	Before opening	Landlord, contractors and other vendors
Signage[6]	$3 500	Lump sum	Before opening	Designated vendor
Insurance[7]	$1 000 to $1 500	Lump sum	Before opening	Insurance company
Proprietary inventory[8]	$3 323	Lump sum	Before opening	CBI or designated vendors
Professional fees and miscellaneous opening costs[9]	$500 to $1 500	As incurred	Immediately before during and just after opening	Attorneys, accountants and other professionals suppliers
Grand opening advertising expense[10]	$2,500	As incurred	Immediately before, during and just after opening	Advertisers

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives

Negotiated Purchase Arrangements

We negotiated a purchase arrangement with Mindbody Systems, the supplier of the POS system, for Cardio Barre franchisees to pay ~~$75~~ $175 per month for the use of the system unless there are more than 5 instructors, in which case there is an additional charge Otherwise, we have negotiated purchase agreements with suppliers for the benefit of Cardio Barre franchisees, although we may do so in the future

Material Benefits Based on Franchisee Purchases

We do not provide any material benefits to you based on your purchase of particular products or services or your use of particular suppliers

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	Disclosure document item
a	Site selection and acquisition/lease	7 1 7 2	6,11
b	Pre-opening purchases/leases	7 2, 7 3	8
c	Site development and other pre-opening requirements	7 1, 7 2	6, 7, 11
d	Initial and ongoing training	6 1-6 4	11
e	Opening	3 3 7 2 7 3	11
f	Fees	4 1-4 7 5 2 6 2 8 2(c), 12 2	5 6
g	Compliance with standards and policies/ operating manual	8 1-8 3	11
h	Trademarks and proprietary information	8 8 9 1-9 5	13,14
i	Restrictions on products/services offered	3 2 3 4 8 1 8 13	16
j	Warranty and customer service requirements	3 3 8 1	11
k	Territorial development and sales quotas	8 1(d)	12
l	Ongoing product/service purchases	7 3	8
m	Maintenance, appearance and remodeling requirements	5 2 7 2, 8 5	11
n	Insurance	8 10	6 8
o	Advertising	4 3, 7 4 8 8 8 13 10 1 10 2	6,11
p	Indemnification	16 2	6
q	Owner's participation/management/staffing	3 6, 6 1 6 2 8 1 12 6	11,15
r	Records and reports	8 7	6
s	Inspections and audits	8 7 8 11	6 11
t	Transfer	12 1-12 7	17
u	Renewal	5 2 5 3	17
v	Post-termination obligations	11 2 15 1 15 2	17
w	Non-competition covenants	11 1-11 3	17

	Provision	Section in franchise agreement	Summary
o	Franchisor s option to purchase franchisee s business	15 2(d)	Upon a lawful termination or nonrenewal of the Franchise Agreement we will purchase from you, at the value of price paid, minus depreciation, all inventory, supplies equipment fixtures and furnishings purchased or paid for under the terms of the Franchise Agreement or any ancillary or collateral agreement by you to us or our approved suppliers and sources that are at the time of the notice of termination or nonrenewal in your possession or used by you in the Franchised Business There are exclusions to some of these items to be purchased and exceptions to our obligation to purchase We may deduct and withdraw from the purchase price to be paid to you all sums then due and owing to us
p	Death or disability of franchisee	12 6	Franchise must be assigned by estate to approved buyer within 270 days
q	Non-competition covenants during the term of the franchise	11 1 11 3	No involvement in competing business anywhere
r	Non-competition covenants after the franchise is terminated or expires	11 2, 11 3	No competing business for 1 year within 25 miles of your Territory or any other Cardio Barre retail business (this obligation also applies to you if you assign your franchise)
s	Modification of the agreement	8 2, 16 15	No modifications generally, but Manual subject to change
t	Integration/merger clause	16 15	Only the terms of the franchise agreement are binding (subject to state and federal law) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable
u	Dispute resolution by arbitration or mediation	14 1-14 5	The parties agree in the Franchise Agreement to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement ~~mediation by and before JAMS Inc (JAMS) under its procedures~~ If this meeting ~~the mediation~~ does not resolve the dispute, it will be resolved by arbitration before JAMS, Inc in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250 000 or more) Or if the parties mutually agree, the dispute may be submitted to arbitration conducted by another arbitration organization providing arbitrators with experience in franchise disputes No mediation of disputes is required

Table No 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2015

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	2	4	0
Florida	0	1	0
Mississippi	1	1	0
New York	0	1	0
Nevada	1	2	0
North Carolina	1	1	0
Tennessee	0	0	0
Texas	0	1	0
Utah	0	1	0
Total	**5**	**13**	**0**

Exhibit C lists the names, addresses and telephone numbers of all Cardio Barre franchised outlets as of ~~July 26~~ October 28, 2016

Exhibit D lists the contact information of every franchisee that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during our most recently completed fiscal year or that has not communicated with us within the 10 weeks ending on the date of this disclosure document (~~July 26~~ October 28, 2016) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Outlet You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you However, during the last 3 fiscal years, we have not signed any agreements with current or former franchisees that included confidentiality clauses

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the Cardio Barre franchise being offered There are no independent franchisee organizations that have asked to be included in this disclosure document

ITEM 21 FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit B are our audited financial statements for the fiscal years ended December 31, 2015, December 31, 2014 and December 31, 2013

ITEM 22 CONTRACTS

Exhibit A - Franchise Agreement

ITEM 23 RECEIPTS

You will find copies of a detachable receipt in Exhibit G at the very end of this disclosure document

CARDIO BARRE®

FRANCHISE AGREEMENT

For _____

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FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made and entered into as of _____ 20__ (the "Effective Date"), by and among Cardio Barre Franchise LLC a California limited liability company ~~doing business as Cardio Barre~~ ("CBF" "we , us" or our"), and _____ ("you" or 'your") and (if you are not a sole proprietorship) each person owning 20% or more of your entity who will sign and be a party to this Agreement (~~in such context~~ 'Principal Equity Owner'), with reference to the following facts

RECITALS

An entity affiliated with us (the Owner of the Marks) owns the Cardio Barre trademarks service marks and other intellectual property and all rights in respect thereof and has authorized us to license them to Cardio Barre franchisees

You want ~~desire~~ to be franchised and licensed by us to use our "System' (as defined in Article I ~~below~~), "Marks (as defined in Article I ~~below~~) and goodwill to conduct the "Franchised Business" (as defined in Article I ~~below~~) from a specific Outlet' (as defined in Article I ~~below~~ and identified in Exhibit 1 attached)

We are willing to grant you a "Franchise" (as defined in section 3 1 ~~hereof~~), in accordance with the provisions of this Agreement and the Confidential Operations Manual

I DEFINITIONS

Abandoned The term "Abandoned" means cessation of operation of the Franchised Business for a period of five consecutive days without our prior written consent A repeated pattern of inactivity at your Outlet for periods of less than five consecutive days may constitute ~~result in your Franchised Business being deemed~~ Abandonment ~~ed~~ if in our judgment the ~~such~~ inactivity adversely impacts the Franchised Business ~~However,~~ Yyour Franchised Business will not be deemed Abandoned if the inactivity is due to natural disasters or other matters ~~reasonably~~ beyond your control provided ~~that~~ you give us notice of the ~~any such~~ closure within five days after the ~~initial~~ occurrence of the event resulting in the ~~such~~ inactivity, and we acknowledge in writing that the ~~such~~ inactivity is due to one of these ~~foregoing~~ causes, and provided ~~further that~~ you re-establish the Franchised Business and be fully operational within 180 days after the start ~~initial occurrence~~ of the event resulting in the ~~such~~ inactivity ~~or such longer period as we may permit~~

Anniversary Year The term "Anniversary Year" means the 12-month period between the 'Opening Date" (as defined below in this Article I) and the first anniversary thereof and between each succeeding anniversary

Cardio Barre Services and Products The term Cardio Barre Services and Products' means (i) proprietary Cardio Barre exercise formats and other designated or authorized techniques and formats and related products supplied by CBF, designated vendors and approved suppliers for use and resale by you at your Outlet and (ii) other goods and services ~~that~~ we specifically authorize you to offer and sell at your Outlet in accordance with this Agreement and the "Confidential Operations Manual" (as defined below in this Article I) as amended from time to time by us

Confidential Operations Manual The term "Confidential Operations Manual" means the manual or manuals (regardless of title) containing policies and procedures to be adhered to by you in performing under this Agreement, including all amendments and supplements ~~thereto~~ provided to you from time to time

Control The term "Control" means the possession direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity whether through the ownership of voting securities, by contract or otherwise

Consumer Price Index or CPI The term Consumer Price Index' or "CPI" means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or ~~the highest similar future index~~ if these figures become unavailable, another index we select)

Franchised Business The term "Franchised Business' means (i) ~~the~~ providing ~~of~~ high cardio – low impact exercise programs provided by trained ballet instructors to retail customers using ballet movements, ballet barres

and light weights in a specialized studio and other designated or authorized Cardio Barre techniques and formats (ii) the sale to retail customers of Cardio Barre Services and Products, and other services at the Outlet that we authorize you to provide, whether in the Confidential Operations Manual or elsewhere, and (iii) the operation and marketing of an Outlet within the Territory" (as defined in this Article I), pursuant to our "System (as defined below in this Article I) and business methods and procedures set forth by us

General Manager The term "General Manager" means the individual (may be a Principal Equity Owner) that has been designated by you as the person responsible for ~~the~~ day-to-day operation of the Outlet and who has successfully completed Initial Training

Gross Revenues The term "Gross Revenues" means all revenues however generated or received, that are derived by you from operating the Franchised Business at or through your Outlet excluding only applicable sales or use taxes and legitimate refunds, and not modified for uncollected accounts

Initial Training The term "Initial Training" means training in the System provided by us as described in section 6 1 ~~hereof~~

Marks The term "Marks" means the proprietary marks ~~that are~~ associated with the Cardio Barre system and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office as well as all common law trademarks and service marks trade names, logos insignias, designs and other commercial symbols which we now or hereafter are authorized to use and use or authorize others to use to identify the Franchised Business

Opening Date The term "Opening Date" means the day you open your Outlet, furnished inventoried and equipped in accordance with our requirements and you begin operating the Franchised Business at your Outlet

Outlet The term "Outlet" means a specialized studio with custom flooring that is exclusively dedicated to the operation of the Franchised Business pursuant to this Agreement, under the Marks and in accordance with the System

Proprietary Information The term Proprietary Information' means all non-public information knowledge, know-how and technologies ~~that~~ we designate as confidential, proprietary or trade secrets including the Confidential Operations Manual, business formats, business systems financial information marketing strategies and programs, operational techniques, service concepts artwork e-mail electronic media, graphics, layouts slogans, names, titles, text bulletins instruction sheets or supplements thereto, and any proprietary equipment, videotapes ~~videodiscs~~ forms advertising matter the Marks devices insignias and designs

Studio Instructor The term "Studio Instructor" means an individual with at last four years of ballet training who has been designated by you as a provider of Cardio Barre exercise techniques to retail customers and who ~~has~~ successfully completed Initial Training or is otherwise ~~been~~ certified by CBF as a qualified studio instructor

System The term "System" means comprehensive marketing and operational systems prescribed by us and as modified by us from time to time, to be used in ~~the~~ conducting ~~of~~ the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual The System includes (i) the Marks, (ii) know-how relating to Cardio Barre Services and Products (iii) advertising marketing and sales programs and techniques, (iv) training programs and (vi) related materials, artwork graphics layouts slogans, names, titles text and other intellectual property that we make available to you In the exercise of our ~~reasonable~~ judgment we may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) seeking ~~for the intended purpose of~~ to make ~~ing~~ the System more effective efficient economical or competitive adapting to or taking advantage of competitive conditions opportunities technology, materials or local marketing needs and conditions enhancing the reputation or public acceptance of the System or better serving the public

Territory The term "Territory" means the designated and agreed geographical area surrounding your Outlet as set forth in Exhibit 1 ~~attached hereto~~

Trade Dress The term 'Trade Dress" means the unique and distinctive layout design and color schemes relating to the Outlet, and the textures sizes designs, shapes and placements of words graphics, and decorations on products and packaging related to Cardio Barre Services and Products

Transfer The term "Transfer" means a sale assignment transfer, conveyance pledge mortgage encumbrance, abandonment elimination or giving away, voluntarily or involuntarily by operation of law or otherwise

II THE FRANCHISED BUSINESS

2 1 Our Business

We ~~are engaged in the administration development operation and~~ license ~~ing of~~ businesses that operate Outlets offering the Franchised Business, using the Marks operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with CBF and our affiliated companies Our activities in general and our system (including proprietary products and services logos equipment and operations designs and layouts for the Outlets, marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and their ~~our business~~ reputation and to permit independently owned and operated businesses, such as you, to offer and deliver the ~~-~~Cardio Barre Services and Products to the public

2 2 The Franchise System

As a result of our long and substantial investment ~~expenditure~~ of time skill, effort and money, we ~~have~~ developed and continue to develop ~~and supervise~~ the franchise System, under the Marks ~~operated in accordance with the provisions of this Agreement and our Confidential Operations Manual, as amended from time to time~~ The Owner of the Marks has authorized us to license the Marks to Cardio Barre franchisees

2 3 System Changes

We intend to continue to develop and revise the System (including but not limited to revising our Confidential Operations Manual and making other changes) in light of both actual and our envisionment of future competitive developments, market conditions, consumer demands technological changes and other ~~similar~~ factors You recognize that ~~such~~ changes we make are ~~is an~~ important to the ~~feature of a~~ consumer-oriented franchise relationship and you acknowledge that ~~as part of a network of Cardio Barre franchisees~~ you will be obligated, and you agree, to implement such changes in the Franchised Business

III GRANT OF FRANCHISE

3 1 Grant of Franchise

(a) ~~By our respective signatures below,~~ Wwe ~~hereby~~ grant to you and you ~~hereby~~ accept, a license ("Franchise") to participate in and use the System by conducting the Franchised Business at your Outlet within your Territory as described in Exhibit 1 ~~attached hereto~~ in strict accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Franchised Business until the end of the term ~~hereof and any additional term~~, unless sooner terminated So long as you comply fully with this Agreement, we will not locate another Outlet in your Territory

(b) You acknowledge that we may have granted and may in the future operate or grant other licenses and franchises outside the Territory YOU MAY NOT USE OUR MARKS, OPERATIONAL TECHNIQUES SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS AT THE OUTLET, WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF ONE OF OUR EXECUTIVE OFFICERS WHICH PERMISSION, IF GRANTED WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES

3 2 Reserved Rights

(a) Nothing contained herein accords you any right title or interest in or to the Marks System marketing and operational techniques service concepts proprietary information or goodwill of ours, except such rights as may be granted hereunder **THIS AGREEMENT GRANTS YOU ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS AT YOUR OUTLET, AND AT NO OTHER LOCATION, UNLESS WE HAVE SPECIFICALLY GIVEN YOU WRITTEN PERMISSION TO OFFER CARDIO BARRE SERVICES AND PRODUCTS ELSEWHERE YOUR RIGHTS, AND OUR OBLIGATIONS, ARE DEFINED ONLY BY THE EXPRESS TERMS OF THIS FRANCHISE AGREEMENT NO OTHER RIGHTS ARE TO BE IMPLIED ALL RIGHTS THAT ARE NOT EXPRESSLY GRANTED TO YOU BELONG EXCLUSIVELY TO AND ARE RETAINED BY CBF, AND OUR EXERCISE OF THOSE RIGHTS IS NOT GOVERNED BY OR LIMITED BY THIS AGREEMENT**

(b) Without limiting the scope of the above provision we reserve the right to develop other systems and other methods of distribution involving similar or dissimilar services or goods whether under the Marks, or under dissimilar service marks, trademarks and trade names, except that while this Agreement is in effect and so long as you are in full compliance, we will not license any other person or entity to operate an Outlet offering the Franchised Business located in the Territory nor will CBF itself operate a Cardio Barre outlet located in the Territory

3 3 Promotion and Development of Your Outlet

You must at all times, continuously (i) diligently and effectively promote, market and engage in and operate the Franchised Business at your Outlet (ii) develop to the best of your ability the potential for future Franchised Business within your Territory and (iii) devote and focus all of your professional attentions and efforts to such promotion and development

3 4 Extent of Grant

(a) You understand and agree that you are licensed ~~hereby~~ only for the operation of your Franchised Business at and from your Outlet and only within your Territory (unless we specifically agree otherwise in writing, on a case by case basis)

(b) You may not sublicense, sublease subcontract or enter any management agreement providing for the right to operate the Franchised Business or to use the System granted pursuant to this Agreement

3 5 Electronic Execution and Copies

(a) An executed copy of this Agreement (or any portion of this Agreement) may be delivered by ~~any of the parties by~~ electrical digital, magnetic, optical, electromagnetic or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3 5(a) and the following section 3 5(b) as 'electronic) and such delivery will be effective and binding ~~upon~~ such party, and will not ~~in any way~~ diminish or affect the legal effectiveness, validity or enforceability of this Agreement

(b) You acknowledge and agree that we may create an electronic record of any or all agreements correspondence or other communication between us or involving third parties and that ~~ese~~ we may thereafter dispose of or destroy the original of any such document or record ~~Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available~~ You agree that notwithstanding any statute, regulation or other rule of law to the contrary any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect validity and enforceability as an original of any such document even if the original of such document has been disposed of or intentionally destroyed

3 6 Obligations of Entity Franchisee

(a) If you are an entity, you must provide us at the Effective Date with a copy of your entity's organizational document and any by-laws operating agreement and each ~~or~~ other agreement among the equity owners

(b) You must inform us at least 10 days in advance of any proposed amendment to the documents, bylaws, operating agreement and other agreements referred to in Section 3 6(a) You must not make any such amendment that, after informing us, we object to and request that you do not make

(c~~b~~) As a condition to entering into the Franchised Business if you are an entity, you must place the following legend on all certificates evidencing an equity interest

"THE TRANSFER OF THE EQUITY INTEREST IN THE COMPANY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED _____, 20 __ BETWEEN THIS COMPANY AND CARDIO BARRE FRANCHISE LLC REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE FORMATIONAL AND GOVERNING DOCUMENTS OF THIS COMPANY THIS LEGEND MAY NOT BE REMOVED OR MODIFIED WITHOUT THE PRIOR WRITTEN CONSENT OF CARDIO BARRE FRANCHISE, LLC"

IV PAYMENTS BY YOU

4 1 Initial Franchise Fee

(a) The "Initial Franchise Fee" is

[ ] $40,000 (if this ~~Agreement~~ is the first Cardio Barre Franchise Agreement you are signing), or

[ ] $35 000 (if this ~~Agreement~~ is the second or subsequent Cardio Barre Franchise Agreement you are signing)

(b) The Initial Franchise Fee is due and payable in full by cashier's check or money order or wire transfer to our bank account when you sign this Agreement **The Initial Franchise Fee is fully earned by us when paid**

(c) If before your successful completion of initial training we decide in the exercise of our reasonable business judgment, that you should not operate a Cardio Barre business or if you do not obtain our approval to the location of your Outlet within 90 days after the Effective Date (see section 7 2 ~~below~~) we may cancel this Agreement If we cancel this Agreement for either of those reasons we will refund the Initial Franchise Fee you paid, less 15% (representing reimbursement of expenses we ~~have~~ incurred relating to our activities on your behalf) **Otherwise, the Initial Franchise Fee is not refundable**

4 2 Royalty

(a) Starting ~~Beginning~~ on the Opening Date you must pay us a 'Royalty" of 8% of the Gross Revenues received by you during each ~~bi-weekly~~ semi-monthly period

(b) On the 15th and last business day of each month, ~~Y~~you must send us a report of ~~bi-weekly~~ Gross Revenues you received during the semi-monthly ending on that date ~~every other Monday of the week following the two weeks in which applicable Gross Revenues were received (or the next business day if Monday is a holiday) Then~~ wWe will then withdraw from your designated account by electronic funds transfer ("EFT") applicable Royalties on the ~~following Wednesday (or the~~ next business day ~~if Wednesday is a bank holiday)~~

4 3 Marketing, Advertising and Promotion

(a) Starting ~~Beginning~~ on the Opening Date you must pay us a 'Marketing and Promotion Fee of 2% of the Gross Revenues received by you during each ~~bi-weekly~~ semi-monthly period ending on the 15th and last business day of each month Upon 30 days written notice, we may increase the Marketing and Promotion Fee to 3%

(b) Based on your ~~bi-weekly~~ semi-monthly Gross Revenues we will withdraw from your designated account by EFT applicable Marketing and Promotion Fees on ~~a bi-weekly basis every other Wednesday (or the next business day if Wednesday is a bank holiday) of the week following the two weeks in which applicable Gross Revenues were received~~ after the 15th and last business day of each month

(c) Within the first 30 days after the Opening Date you must spend ~~in~~ at least $2 500 on ~~the~~ grand opening advertising and promotion of your Outlet using the grand opening advertising and promotional program ~~that~~ we approve, including the soft opening to be held on or about the Opening Date and the Grand Opening event Not later than 90 days after the Opening Date you must provide us ~~with~~ a report itemizing your expenditures on ~~the~~ grand opening advertising and promotion of your Outlet

(d) Starting ~~Beginning~~ 30 days after the Opening Date, ~~on a monthly basis you must~~ we recommend that you spend at least $1,000 each month ~~(and we recommend between $1 000 and $3 000 each month)~~ on ~~the~~ local marketing, advertising and promotion of your Outlet using marketing and promotional materials pre-approved or otherwise authorized in writing by us ("Local Advertising") Within five business days after we ask ~~for it~~ you must report to us all details of your Local Advertising for the previous month (and for any prior months we request)

(e) On a regional or system-wide basis we may impose ~~an~~ additional assessments ~~upon~~ affected franchisees for special designated advertising or promotional activities if two-thirds of all affected Cardio Barre franchised outlets consent ~~agree~~ to such additional assessment by affirmative vote You must comply with and pay the assessment even if you were not among the two-thirds of affected Cardio Barre franchised outlets that voted to consent

(f) With respect to regional or system-wide advertising including without limitation advertising done as a result of Marketing and Promotion Fee contributions, we determine the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising public relations and promotional campaigns

4 4 Electronic Funds Transfer

We require payment of the Royalty and Marketing and Promotion Fees by electronic funds transfer ("EFT") or ~~such~~ other automatic payment mechanism that CBF may designate, directly from your account into our operating account You must execute or re-execute and deliver to us bank-required pre-authorized check forms and other instruments or drafts to enable us to draw directly from your bank account your Royalty and Marketing and Promotion Fees and other sums payable under the terms of this Agreement You must also in addition to these terms and conditions ~~set forth~~ in the Confidential Operations Manual maintain a single bank account for such payments (with overdraft protection from your operating account) and must maintain such minimum balance in the ~~such~~ account as we ~~may~~ reasonably specify from time to time You must not alter or close the ~~such~~ account except upon our prior written approval Any failure by ~~of~~ you ~~rs~~ to implement the ~~such~~ EFT system in strict accordance with our instructions will without limiting the materiality of any other default of this Agreement constitute a material default of this Agreement

4 5 Fees Fully Earned, No Setoff on Payments

All payments made by you to us pursuant to this Article IV are fully earned and non-refundable when paid All payments ~~to be made~~ by you to us must be ~~will~~ made ~~be~~ without setoff, deduction defense counterclaim or claims in recoupment

4 6 Late Fee, Interest on Delinquent Payments

(a) Any payment of Royalty and Marketing and Promotion Fees not received by CBF when due will be delinquent and will be subject to a late payment charge ~~penalty~~ of 5% of the amount past due which must be paid immediately to BOH ~~upon~~ demand

(b) All delinquent amounts will bear interest at an annual percentage rate (APR) of 10% and you must reimburse CBF immediately ~~upon~~ demand for all reasonable costs of collection relating to delinquent amounts

4 7 No Accord or Satisfaction

If you pay or we otherwise receive a lesser amount than the full amount provided for under this Agreement for any payment due ~~hereunder~~ such payment or receipt will be applied against the earliest amount due us We may accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction

V INITIAL TERM AND RENEWAL TERMS

5 1 Initial Term

The initial term of this Agreement (applicable solely to the Franchised Business licensed hereunder) starts ~~commences~~ on the Effective Date and expires on the fifth anniversary of the Opening Date unless sooner terminated pursuant to the provisions of this Agreement

5 2 Renewal Terms

(a) Upon written notice delivered to us not less than 120 days before the end of the existing term hereof you may renew your Franchise for successor five-year terms starting ~~commencing~~ on the expiration date of the previous term, subject to the provisions of sections 5 2(b) through 5 2(i) ~~below~~

(b) At the time of renewal, you must (i) then be solvent (which means you are able to pay your debts as and when promised by you and you have assets that are greater than your debts), (ii) not have abandoned the Franchise (iii) not be operating the Franchise in a manner endangering public health or safety or materially harming the Cardio Barre brand or reputation and (iv) not have knowingly submitted false or incomplete reports to us during the initial term

(c) Notwithstanding section 5 2(a) ~~above~~, we are not obligated to renew your rights granted under this Agreement for an additional term if one or more of the following applies or occurs

(i) You give us written notice of your intention not to renew this Agreement with such notice being given to us at least 180 days before the expiration of the initial term or any successor term, and if such notice is given less than 180 days before expiration, then we may, but are not obligated to, extend the term for the length of time needed to allow 180 days to have passed before the expiration, without renewal

(ii) During the 180 days prior to expiration of the Franchise (which could, if we elect, include an extension as we determine is needed, to allow a full 180 days), we permit you to sell your Franchised Business to a purchaser meeting our then-current requirements for granting new Franchises or (if we are not granting a significant number of new Franchises) the then-current requirements for granting renewal Franchises

(iii) Termination of this Agreement would be permitted pursuant to sections 13 1 or 13 2 ~~hereof~~

(iv) You and we agree not to renew the Franchise

(v) We withdraw from distributing our products or services through Franchises in the geographic market served by you, provided that

(A) Upon expiration of the Franchise, we agree not to seek to enforce any covenant of the non-renewed franchisee not to compete with us or our franchisees, and

(B) The failure to renew is not for the purpose of converting the business conducted by you pursuant to this Agreement to operation by our employees or agents for our own account

(vi) ~~At the time of renewal~~ Yyou or any Principal Equity Owner has at the time of renewal been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in our ~~reasonable~~ judgment to have a materially adverse effect on the Marks, the System or the goodwill associated with the Marks or System

(vii) We and you fail to agree to changes or additions to the terms and conditions of this Agreement, if the ~~such~~ changes or additions would result in renewal of this Agreement on substantially the same terms and conditions on which we are then customarily granting renewal franchises or if we are not then granting a significant number of renewal Franchises, the terms and conditions on which we are then customarily granting original franchise agreements We may give you written notice of a date which is at least 30 days from the date of such notice on or before which a proposed written agreement of the terms and conditions of the renewal Franchise must be accepted in writing by you The ~~Such~~ notice when given not less than 180 days before the end of the Franchise term may state that in the event of failure of such acceptance by you the notice will be deemed a notice of intention not to renew at the end of the Franchise term

(d) At the time of renewal you must (i) then be solvent (which means ~~that~~ you are able to pay your debts as and when promised by you and ~~that~~ you have assets that are greater than your debts), (ii) have not abandoned the Franchise (iii) not then be operating the Franchise in a manner that endangers public health or safety or materially harms the Cardio Barre brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to us during the initial term

(e) At the time of renewal, neither you, nor any of your principal officers or partners (if you are a corporation limited liability company or partnership) ~~must~~ has ~~ve~~ been convicted of a felony or a crime involving moral turpitude consumer fraud or any other offense that is reasonably likely, in our sole and absolute judgment to have an adverse effect on the Marks the System or the goodwill associated with the Marks or System

(f) As a condition to renewing your Franchise rights ~~we and~~ you must ~~would~~ sign a mutual release in favor of us and our owners, directors, officers, managers and employees and ~~we will require~~ you must ~~to~~ sign our choice of ~~either~~ (i) our then-current standard Renewal Franchise Agreement not later than 90 days before the end of the term that is expiring or (ii) an addendum to this Agreement extending its term for an additional five year term **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE THEN-CURRENT RENEWAL FRANCHISE AGREEMENT MAY CONTAIN ~~OTHER~~ TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT, EXCEPT ~~THE FEES PAYABLE TO US AND~~ THE BOUNDARIES OF THE TERRITORY IN THE RENEWAL FRANCHISE AGREEMENT**

WILL NOT BE REDUCED TO LESS THAN THOSE IN ~~VARY FROM THE TERMS OF~~ THIS AGREEMENT WITHOUT YOUR CONSENT The then-current Renewal Franchise Agreement when executed will supersede this Agreement

(g) At the time of renewal you must have satisfied all monetary obligations owed by you to us and to our affiliates and all other material obligations under this Agreement, and we may examine your books and records to verify compliance with this requirement anytime during normal business hours within 60 days of your renewal date

(h) Before or not later than 90 days after your execution of a Renewal Franchise Agreement for an additional term you must make upgrades refurbishments and other physical modifications to your Outlet we deem reasonably necessary so ~~that~~ the Outlet is substantially consistent with the then~~-~~current Cardio Barre system outlets, and so ~~that~~ the Outlet can accommodate new Cardio Barre Services and Products if any You must also bring your Outlet and equipment materials and supplies into compliance with the standards then applicable to new Cardio Barre franchises

(i) When you sign the Renewal Franchise Agreement we and you would sign a mutual release and you must pay CBF a 'Renewal Fee" of $1 500 This Renewal Fee is subject to increase ~~adjustment~~ based on changes in the CPI since the Effective Date

5 3 Month to Month Extension, Longer Notice of Expiration Required by Law

(a) At our option, if the renewal procedures ~~described~~ in section 5 2 ~~above~~ have not been completed, or in lieu of formal renewal of the Franchise we may extend this Agreement on a month-to-month basis by notifying you we are doing so The ~~Said~~ month-to-month extension will continue until we give you at least a 30 day notice that the Franchise rights must be formally renewed in accordance with section 5 2 or the Agreement will expire and be terminated

(b) If applicable law requires us to give a longer period of notice to you than herein provided prior to the expiration of the initial term or any successor term we will give such additional required notice If we do not give such required additional notice this Agreement will remain in effect on a month-to-month basis only until you have received such required additional notice

VI TRAINING AND ASSISTANCE

6 1 Initial Training

(a) It is of paramount importance that you your General Manager your Studio Instructors, the Principal Equity Owners and your other key employees and representatives understand the Franchised Business and the System, that your General Manager and up to five Studio Instructors have been trained how to operate the Franchised Business, and that your General Manager and Studio Instructors have been trained how to provide proprietary Cardio Barre exercise techniques to retail customers ~~Accordingly~~ wWe will provide to at least one Principal Equity Owner an Initial Orientation in the System and how to operate the Franchised Business and we will provide ~~to~~ your General Manager and up to five Studio Instructors comprehensive Initial Training in the System, proprietary Cardio Barre exercise techniques and how to operate the Franchised Business ~~Unless there are extenuating circumstances that in our reasonable determination justify a delay, y~~Your required trainees must attend the next Initial Training that we offer Your required trainees must complete Initial Training within 180 days after you sign this Agreement and you may not open and operate your Franchised Business until (i) your Principal Equity Owner has satisfactorily completed Initial Orientation and (ii) your General Manager and your Studio Instructors have satisfactorily completed Initial Training You acknowledge and agree that CBF will solely determine whether or not your Principal Equity Owner your General Manager and your Studio Instructors ~~have~~ satisfactorily completed Initial Training

(b) The failure of (i) your Principal Equity Owner to complete Initial Orientation to our satisfaction or (ii) your designated General Manager and Studio Instructors to complete Initial Training to our satisfaction will be grounds for termination of this Agreement provided however, that your General Manager and Studio Instructor who fails to successfully complete Initial Training will have the opportunity to either retake Initial Training or you may send one replacement approved by us, to the next available Initial Training program

(c) We will determine the contents and manner of conducting the Initial Orientation and Initial Training program in the exercise of our ~~reasonable~~ judgment however, the training course will be structured to provide

practical training in the implementation and operation of the Franchised Business and may include such topics as Cardio Barre standards marketing and customer service techniques reports and equipment maintenance

(d) There is no separate fee payable to us for the Initial Training program provided to your initial General Manager, up to five of your Studio Instructors and one of your Principal Equity Owners desiring to attend You must pay us a fee of $1 000 for each additional attendee of Initial Training

(e) All costs and expenses (including travel hotel and meal) of your attendees of Initial Training will be your sole responsibility All persons attending Initial Training on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business

6 2 Training and Assistance after Opening

(a) After you open your Franchised Business and so long as you are in compliance with this Agreement, we will provide you ~~with~~ access to the Cardio Barre website, which may include access to a password protected and encrypted digital copy of the Confidential Operations Manual, as well as operational and marketing videos

(b) After you open your Franchised Business, we will provide reasonable levels of ~~you with~~ telephone and e-mail assistance at your request or ~~otherwise~~ as we deem necessary to instruct in aspects ~~all phases~~ we deem appropriate of the operation of the Franchised Business and periodic supervision and assistance ~~that~~ we deem appropriate ~~using our field representatives who may visit your Outlet and Territory from time to time~~ In the exercise of our ~~reasonable~~ judgment we will determine ~~the~~ frequency and duration of any visits to your Outlet or Territory by our representatives ~~In addition~~ Wwe will be available during business hours ~~on an ongoing basis~~ at our national headquarters for consultation and guidance with respect to the operation and management of the Franchised Business

(c) Within ~~two~~ four months after you open your Franchised Business, Richard Giorla and his assistant will conduct a personal training session for all your staff at your Outlet at no additional charge (If Richard Giorla and/or his assistant is not available, we reserve the right to substitute another person or persons)

(d) After you open your Franchised Business and upon reasonable notice, we may require attendance of your designated personnel at training courses seminars conferences or other programs other than Initial Training or mandatory meetings (described in section 6 3 ~~below~~) that are deemed by us to be relevant or appropriate to the operation of your Franchised Business You ~~specifically~~ agree that only persons trained by us or under our supervision will have overall responsibility for the operation of the Outlet and Franchised Business and that you will send your General Manager to us for additional training if we request this We may charge you an additional training fee of up to $750 per day for Cardio Barre training courses, seminars, conferences or other programs that we require you or your representatives to attend _

(e) We may but are not required to make available to you optional staff training courses, coaching and business mentoring programs seminars, conferences, or other programs, in a suitable location selected by us We may charge you a separate fee of up to $750 per day for this optional training

(f) The training fee provided for above, $750 at the time of entering into this Agreement, is subject to increase based on the CPI

(~~g~~f) In addition to updates to the Confidential Operations Manual, we may provide you with additional materials relating to the Franchised Business We may ~~also~~ from time to time make available to you for purchase other materials relevant to the System and the Franchised Business

(~~h~~g) All costs and expenses (including travel hotel and meal) of your attendees at any post-opening training conferences or meetings will be your sole responsibility All persons attending post-opening training conferences or meetings on your behalf must have a demonstrable relationship to the management and operation of your Franchised Business

(~~i~~h) In the event of a Transfer of your Franchised Business (which must be done in full compliance with section 12 2 of this Agreement) the transferee/assignee must be trained by us as a condition of our consent to such Transfer The transferred Franchised Business may not be opened or re-opened by the transferee until we accept the transferee in writing as being qualified to operate the Franchised Business and we have otherwise consented to the Transfer in accordance with this Agreement

6 3 Mandatory Meetings

Not more often than once each year, we may conduct a system-wide meeting or series of regional meetings to discuss Cardio Barre business activities or other matters relating to the Franchised Business Attendance of the General Manager at these meetings will be mandatory (and is highly recommended for all ~~of~~ your Principal Equity Owners) We may limit the number of your attendees at these meetings You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings The mandatory meetings referenced in this section 6 3 are in addition to any voluntary convention or sales conference that may be coordinated by us

6 4 Proprietary Materials

At Initial Training and other training programs and conferences we may provide you with confidential and proprietary information ('Proprietary Information'), as well as training materials training curricula and related materials for your use in the training of your staff All of these items are and will remain our property You must not yourself nor allow your employees or others to copy, reproduce disseminate or otherwise reveal to third parties any of the foregoing Proprietary Information and related materials without our express prior written consent

VII OPENING OF OUTLET AND FRANCHISED BUSINESS

7 1 Your Outlet

The Franchised Business may ~~only~~ be operated only from your Outlet If your Outlet is ~~has~~ not ~~been~~ identified when you sign this Agreement, but the general location of the Territory is identified the exact location of your Outlet will be inserted into a restated Exhibit 1 attached to this Agreement as soon as the location of your Outlet has been determined In order to promote the orderly and timely service of Cardio Barre customers you may not deliver Cardio Barre Services and Products or other products or services outside your Territory without our prior written consent

7 2 Leasing and Building Out Your Outlet

(a) Unless you own premises acceptable to CBF from which your Outlet will be operated, you must (i) locate premises for your Outlet that are reviewed and consented to by CBF and then (ii) rent or lease these premises within 180 days after the Effective Date If you have not located and rented or leased a site for your Outlet that is acceptable to CBF within 180 days after the Effective Date, CBF may cancel your Franchise Agreement on the basis of your failing to find an acceptable site and if CBF does so we will refund your Initial Franchise Fee less costs CBF has incurred up to the date of cancellation You must build out your Outlet (and commence operation of the Franchised Business there) within 365 days after the Effective Date, using architects, project managers contractors, subcontractors, architectural plans and key equipment suppliers designated by CBF (or one of our affiliated companies) or otherwise reasonably acceptable to CBF You must commence operation of the Franchised Business at your Outlet as soon as practicable after your receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority If after you have located and secured suitable premises for your Outlet you have not commenced operation of the Franchised Business within 180 days after CBF consents to the location of your Outlet, CBF may terminate this Agreement effective on written notice and if CBF does so, you will not be entitled to receive any refund of your Initial Franchise Fee CBF will give you an automatic one-month extension to open the Outlet beyond the mandatory dates specified above in this section 7 2(a) if we deem in our sole discretion that you have made a diligent effort to open but were unable to do so due to reasons beyond your reasonable control

(b) CBF will assist you in the site selection process and we reserve the sole right of final review and consent to any location of the Outlet CBF uses available demographic information to help you evaluate the site and the area in which it is located and analyze area income figures, traffic patterns visibility, population density competition, zoning parking, accessibility and other related relevant circumstances Our final review and consent to the location of your Outlet is not a guarantee that a Cardio Barre business can be successfully operated there or anywhere else

(c) CBF will provide you ~~with~~ a sample prototype layout for your Outlet At your sole expense you must employ architects designers engineers or others designated or approved by CBF to complete adapt modify or substitute the sample plans and specifications for the Outlet The architect must submit a complete set of final plans and specifications to CBF before commencing construction of the Outlet CBF will review these plans and specifications promptly and consent to them or provide you with our comments on the plans and specifications You may not commence construction of the Outlet until CBF consents in writing to the final plans, specifications and contractors to be used in constructing the Outlet CBF may require you to establish and fund an escrow account from which disbursements to contractors will be made in connection with the build-out of the Outlet You must

provide CBF immediate access and sole authority to administer the ~~said~~ escrow account (i) if you are unable to do so or (ii) if any material conflict arises between you and any contractor, sub-contractor supplier or vendor that in our judgment might delay the build-out such authority to administer to continue until such incapacity ceases or the ~~such~~ conflicts are resolved CBF will consult with you to the extent CBF deems necessary, on ~~the~~ construction and equipping of the Outlet (this must be done by approved suppliers), but it is and will remain your sole responsibility to diligently construct equip and otherwise make ready and then open the Outlet You are responsible at your expense to ~~for~~ obtaining all zoning classifications permits clearances certificates of occupancy and center clearances which may be required by governmental authorities

(d) You must use only licensed general contractors designers vendors and architects accepted by CBF before performing construction work at your Outlet CBF ~~expressly~~ disclaims any warranty of the quality or merchantability of any goods or services provided by architects contractors, or any other persons or entities which CBF may refer to you CBF will not be responsible for delays in ~~the~~ construction equipping or decoration of the Outlet or for any loss resulting from the Outlet design or construction ~~since~~ You acknowledge that CBF has no control over the landlord or developer and that numerous construction or related problems ~~which~~ could occur, and bring about ~~consequent~~ delay in the opening of your Outlet CBF will have no liability or obligation in regard to such matters These circumstances or matters do not excuse your compliance with time and other requirements under this Agreement You must obtain CBF's ~~must~~ approval ~~e~~ in writing for any and all proposed changes in the Outlet plans prior to construction of the Outlet or ~~the~~ implementation of such proposed changes

(e) CBF must have access to your Outlet while work is in progress may make video and any other records of construction in process, and may require ~~such reasonable~~ alterations to or modifications in the construction of the Outlet as CBF deems necessary Your failure to promptly commence the design construction, inventorying equipping and opening of the Outlet with due diligence will be grounds for ~~the~~ termination of this Agreement ~~And if~~ If you do not complete the build-out of the Outlet in a reasonable time, CBF can complete the build-out, all expenses of which must ~~will then~~ be paid or reimbursed by you Before opening ~~of~~ the Outlet and prior to final inspections by any governmental agency an authorized representative of CBF will complete a final inspection of the Outlet (either by a walk-through or electronically by phone photos video, or using methods such as Skype or FaceTime) and issue a written consent to open Any deficiencies noted by CBF as a result of this inspection must be corrected by you within 30 days, or shorter time that CBF designates, or this Agreement may be terminated, all without ~~any~~ liability of ~~to~~ CBF

(f) Unless otherwise agreed ~~to~~ in writing by you and CBF although CBF will assist you with site selection you have ~~the~~ sole responsibility for locating, making the decision to select, and obtaining suitable premises for your Outlet You and the landlord must execute a rider to your lease for the Outlet (or other agreement or written understanding) that (i) grants CBF an option to assume your position as lessee under the lease for the Outlet premises if you are in material default of either (x) the lease for the Outlet premises (including an obligation of the landlord to notify CBF if you are in such default) or (y) this Agreement, and (ii) requires the landlord to fully cooperate with CBF in completing de-identification of the Outlet in the event this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the Outlet premises

(g) CBF has the right to continually inspect your Outlet and any other site where you conduct the Franchised Business, at times and frequencies CBF elects

7 3 Initial Inventory

Within ~~the timeframes that~~ we specify before the Opening Date, you must order from (and if necessary pre-pay to) CBF the items specified in the Confidential Operations Manual for a complete initial inventory of designated Cardio Barre equipment and supplies accessories and other authorized items that is appropriate for your type of Outlet, with delivery scheduled for not later than two business days before the Opening Date Thereafter, you must buy Cardio Barre equipment and supplies other fitness equipment and accessories, and other authorized items only from vendors designated by CBF or suppliers approved by CBF You must buy interior and exterior signs other materials containing the Marks and apparel containing the Marks only from suppliers approved by CBF

7 4 Marketing and Advertising Boundaries

You may not ~~directly~~ promote advertise or otherwise market your Outlet outside the boundaries of the Territory or other advertising boundary that we designate except with the express permission of the franchisee in whose territory the advertising is conducted The marketing and advertising boundaries are determined by us and may be changed by us or overlap with the territories of other franchised Outlets as market conditions or type of media warrant in our ~~all in the exercise of our reasonable~~ judgment The ~~Such~~ marketing and advertising boundaries may exceed the Territory provided herein in the exercise of our ~~reasonable~~ judgment

VIII OPERATION OF FRANCHISED BUSINESS

8 1 Operational Requirements

(a) At all times you must be, or employ a "full time" General Manager who will devote his or her entire time during normal business hours as defined in the Confidential Operations Manual and reasonable time before and after normal business hours, solely to the management operation and development of the Franchised Business The General Manager must ensure that you fulfill your obligations to your customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours or reasonable time before and after normal business hours He or she must not engage in other business at other times that would or could in any way materially reduce his or her ability to fully perform as General Manager

(b) You must ~~only~~ operate the Franchised Business only at your Outlet, only in strict accordance with the procedures ~~set forth~~ in the Confidential Operations Manual or otherwise provided to you by us in writing You must ~~may only~~ provide only Cardio Barre Services and Products, only to customers who in your reasonable judgment are capable of receiving or using them You must ~~may~~ not engage in the sale or delivery of Cardio Barre Services and Products outside of your Outlet except as we may authorize in the Confidential Operations Manual or otherwise in writing You must use the standard signs and formats and proprietary items (which you may be required to purchase from our affiliates) that we prescribe in operating the Outlet and conducting the Franchised Business You must comply with our policies and procedures regarding gift cards subscriptions and memberships as set forth in the Confidential Operations Manual To protect and maintain the integrity, reputation and goodwill of the System and the Marks, we require ~~that~~ you to comply with the methodology we prescribe in providing Cardio Barre Services and Products to customers To enhance uniformity that we deem appropriate in the delivery of goods and services to retail customers by our franchises and ~~the~~ strength of our Marks in inter-brand competition and subject to applicable antitrust laws we may recommend retail prices for specific Cardio Barre Services and Products (and other products and services we authorize for sale at your Outlet If we do so you may not advertise or promote (whether by telephone, printed materials or any other media including without limitation social media) retail prices that are inconsistent with our ~~these~~ recommended prices ~~Also,~~ tTo the extent permitted or not prohibited by federal and/or state law, as applicable to the Outlet we reserve the right and may specify ~~designate~~ maximum, ~~and~~ minimum, ranges of or specific retail prices to be charged for Cardio Barre Services and Products, and you must comply with our specifications

(c) Your Franchised Business must be open ~~on a~~ full-time ~~basis~~ in accordance with ~~the~~ hours of operation ~~as~~ designated in the Confidential Operations Manual The obligation to remain open will temporarily not apply for limited periods we specify, in the event of natural or man-made disasters or public emergencyies

(d) If your Outlet does not reach certain Gross Revenue levels in ~~during~~ the second year after the Effective Date or in any year after that CBF may itself operate a Cardio Barre retail business or grant additional franchises within your Territory In ~~During~~ the second year of operation and ~~in~~ each succeeding year, your Outlet must attain a minimum annual Gross Revenues level of $300,000 We reserve the right to increase the minimum in accordance with the CPI or other reasonable standard we designate

(e) You must promptly satisfy as and when due any *bona fide* indebtedness that you incur in operating your Franchised Business

(f) Prior to beginning operations you must secure in your name as the owner of an independent business all required licenses, permits and certificates relating to your operation of the Franchised Business You acknowledge that such licenses certificates and permits may require the payment of security deposits and other fees You must maintain all such licenses, permits and certificates in full force and effect throughout the term of this Agreement

(g) You must operate in full compliance with all applicable laws ordinances and regulations including without limitation occupational hazards and health worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes

(h) You must notify us in writing within 10 days after you receive ~~actual~~ notice of the commencement of any investigation action suit arbitration, mediation or other proceeding, or the issuance of any order, writ injunction award, or other decree of any court, agency, or other governmental authority that pertains to the Franchised Business or that may adversely affect your operations in the Territory or your ability to meet your obligations hereunder

(i) Upon the occurrence of any event that occurs at the Outlet or in the Territory that has caused or may cause harm or injury to customers or employees such as product tampering or sabotage, contagious diseases natural disasters, terrorist acts, shootings or any other circumstance that may damage the System Marks or image or reputation of the Franchised Business or us or our affiliates you must immediately inform our designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by us for this purpose You must cooperate fully with us with respect to our response to an incident described in this section 8 1(i)

(j) If there is a ~~ny~~ *bona fide* dispute as to any liability for taxes assessed or other indebtedness you may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law Y ~~However~~ you may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Franchised Business or any of its improvements

(k) You may not engage in ~~any~~ co-branding in the Outlet or in connection with the Franchised Business except with our prior written consent We are not required to approve any co-branding chain or arrangement and reserve the right to disapprove any such co-branding chain or arrangement in our sole judgment, which may be exercised objectively or subjectively ~~except in the exercise of our reasonable judgment and only if we recognize that co-branding chain as an approved co-brand for operation within the System~~ "Co-branding" includes the operation of an independent business product line or operating system owned or licensed by another entity (not us) that is featured or incorporated within or presented in connection with your Outlet or the Franchised Business you operate in your Territory or is adjacent to your Outlet and operated in a manner which may ~~is likely to~~ cause the public to perceive it to be related to the Outlet and Franchised Business licensed and franchised hereunder

8 2 Confidential Operations Manual

(a) You must operate the Franchised Business in accordance with the Confidential Operations Manual ~~a~~ A digital copy of ~~which~~ the Confidential Operations Manual will be available to you through a franchise access portal on our website You may also be provided with a hard copy of all or portions of the Confidential Operations Manual at Initial Training or afterwards We have the right to modify the Confidential Operations Manual at any times by the addition to deletion from or other modification of any of its contents ~~the provisions thereof~~ All ~~such~~ additions deletions or modifications are effective on the next business day after the digital copy maintained on our website is changed

(b) We may make ~~All~~ additions deletions or modifications to the Confidential Operations Manual ~~are~~ equally applicable to all similarly situated Cardio Barre franchisees or of differing applicability, as we determine As modified by us from time to time, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto are deemed to mean the Confidential Operations Manual ~~However the Confidential Operations Manual as modified or amended by us from time to time will not alter your fundamental status and rights under this Agreement~~ If there is any discrepancy or dispute about contents of a ~~the~~ version of the Confidential Operations Manual ~~that you may have printed and maintain~~ the master copy of the Confidential Operations Manual that we maintain at our headquarters and available on our website will be the controlling version and will supersede all prior versions

(c) If you lose printed portions of or allow unauthorized access to or duplication of the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to you by us, ~~you may be required to pay us a fine of $5 000 (this amount may be adjusted by changes in the CPI since the Effective Date) within 30 days after our demand for payment and~~ you will be deemed to be in violation of this Agreement and all other agreements you have with CBF and our affiliated entities

(d) Upon the expiration or termination of this Agreement for any reason whatsoever, you must immediately return to us any printed portions of the Confidential Operations Manual then in your possession Except as specifically permitted by us, at no time may you, or your employees or agents (i) make or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual (ii) give online access to the Confidential Operations Manual to unauthorized persons or (iii) disclose any part of the Confidential Operations Manual to any other person except your authorized employees and agents when required in the operation of the Franchised Business You must ~~also~~ permanently erase anything relating to our trade secrets or other proprietary information from any computers and other media storage devices you retain after expiration cancellation or termination of this Agreement

8 3 Standards of Operation

You agree that we you and everyone else involved in the System benefits from your ~~the~~ maintenance of the highest standards of uniformity quality similar appearance and prominent display of the Marks at your Outlet and elsewhere in your Territory Therefore you agree to maintain the uniform standards of quality appearance and display of the Marks in strict accordance with this Agreement the architectural plans and ~~the~~ Confidential Operations Manual as it may be revised from time to time and as we may ~~otherwise~~ direct in writing ~~In order that we may establish and maintain an effective network of franchisees,~~ Yyou ~~specifically~~ agree that you must not display the Marks except in the manner we authorize ~~Also y~~You may ~~only~~ play only music or other audio media that we authorize in the Confidential Operations Manual or otherwise in writing

8 4 Point of Sale System and Computer System

(a) You must lease or purchase, use and maintain the computerized membership scanner and point of sale credit card collection system (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by CBF in writing for use in connection with the Outlet (the "POS System") If applicable, the POS System must be connected at all times to a dedicated, state of the art Internet or other high-speed communications medium specified by CBF and be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner designated by CBF in the Confidential Operations Manual or otherwise by CBF in writing for maintaining the POS System You must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the POS System The POS System must be electronically linked to CBF We may poll the POS System on a daily or other basis at such times and in such manner as determined by CBF, with or without notice, and to retrieve such transaction information including sales, sales mix usage and other operations data as CBF deems appropriate You must ensure that only adequately trained employees (in ~~the exercise of~~ our ~~reasonable~~ judgment) are allowed to conduct transactions using the POS System Within a reasonable time upon our request you must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to access Cardio Barre Services and Products via such procedure as specified by us We may require you to update upgrade or replace the POS System including hardware and/or software, from time to time upon written notice, provided that you will not be required to replace the POS System any more frequently than once every three years

(b) In addition to the POS System you must lease or purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by CBF in writing for use in connection with the Outlet (the Computer System') CBF requires you to maintain an e-mail account as designated or assigned by CBF and connect the Computer System at all times to a dedicated state of the art Internet or other high-speed communications medium specified by CBF and be capable of accessing the Internet for the purpose of implementing software transmitting and receiving data, in the manner designated by CBF in the Confidential Operations Manual or otherwise by CBF in writing You must obtain all software and hardware including digital still and video cameras as CBF may specify to enable you to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the Outlet, and you must from time to time, upon our request transmit digital photos and real time video and audio signals of the Outlet to CBF, and in the form and manner prescribed by us You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as we may from time to time require by 30 days written notice provided however that you will not be required to update or replace the Computer System any more frequently than once every three years Upon request you must permit CBF to access the Computer System, details of all classes you are providing at your Outlet and other files and data stored therein via any means specified including electronic polling communications

(c) CBF may designate that certain computer software must be used in the operation of the POS System and/or Computer System ("Designated Software') You must license or sublicense such Designated Software from our designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees From time to time you must purchase any upgrades enhancements or replacements to the Designated Software You must incorporate any required modifications or additions within 30 days after receiving written notice from CBF, unless a shorter or longer time period is stated in the notice, and then you must comply with the shorter or longer time that is stated

(d) You may not install, and must prohibit others from installing unauthorized software on the POS System and the Computer System You must take all commercially reasonable measures to insure that no virus, Trojan horse, malicious code or other unauthorized code or software is installed on or transmitted by the POS System or the Computer System You must from time to time communicate to CBF all passwords access keys and other

security devices or systems necessary to permit CBF to access the POS System and Computer System and obtain the data we are permitted to obtain under this Agreement

(e) CBF may use information relating to members of your Outlet to market other products and services directly to them and/or to others and for other business purposes of CBF that are not in violation of applicable law

8 5 Maintenance, Upgrades and Refurbishments to the Outlet

(a) CBF requires that you maintain and from time to time refurbish the Outlet to conform to the then-current building design Trade Dress and color schemes then applicable for an Outlet This ~~Such~~ maintenance and refurbishment may require expenditures by you on, among other things structural changes installing new equipment remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Outlets or to accommodate new Cardio Barre Services and Products In this regard the following requirements are applicable

(i) You must maintain all equipment used at the Outlet in first class condition~~on an as needed basis And~~ Yyou must immediately and completely resolve to our satisfaction any maintenance deficiencies we identify

(ii) You must make any and all upgrades to equipment and any technology used in your Outlet that we may require

(iii) We may periodically require you to update the Trade Dress used at your Outlet Such updates will be contained in the Confidential Operations Manual or otherwise provided to you in writing Such updates may require you to install new color schemes, logos, signage or other visual elements at your expense We anticipate that ~~such~~ Trade Dress updates applicable to you will be required no more frequently than once every three years

(b) CBF will ~~only~~ require the types of modifications and expenditures described herein ~~where there is good cause In this context, 'good cause' means that CBF makes a good faith determination that~~ if your Outlet is substantially inconsistent with prevailing System-wide standards (including the Trade Dress, safety issues regarding customers and employees, the overall condition of the Outlet or the type, quality or condition of the equipment needed to adequately prepare promote and sell Cardio Barre Services and Products) and that as a result of its appearance or condition, your Outlet is either (i) not adequately positioned to promote and sell Cardio Barre Services and Products as then required or (ii) damaging the integrity of the Cardio Barre image brand and/or Marks

8 6 Relocation of Your Outlet

(a) You may possibly be permitted by us to ~~If you desire to~~ relocate your Outlet, ~~you may do so~~ provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), you make a written request to us for our consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location

(b) Within 20 business days after receiving your request, CBF will either approve or disapprove in writing such closure or relocation in our reasonable discretion In the event of disapproval of a proposed relocation you may request an alternative proposed new location pursuant to the provisions of this section 8 6

(c) You and the landlord may be required to execute a rider to your lease for the new location for the Outlet (or other agreement or written understanding) (i) granting us an option to assume your position as lessee under the lease for the relocated Outlet premises if you are in material default of either (A) the lease for the relocated Outlet premises (including an obligation of the landlord to notify us if you are in such default) or (B) this Agreement and (ii) requiring the landlord to fully cooperate with us in completing de-identification of the relocated Outlet if this Agreement is terminated or expires without being renewed and we do not exercise our option to assume the lease for the relocated Outlet premises

8 7 Record Keeping and Reporting Requirements

(a) You agree to implement and thereafter use specific accounting software as may be designated by CBF to track account for and report on the financial performance of the Franchised Business On a monthly basis (not

later than 10 business days after the end of each month), or if we specify, then on the basis of another time frame, which could be daily, weekly or otherwise, you must submit to us financial or statistical reports records, statements or information as required in the Confidential Operations Manual or otherwise by us in writing

(b) Within 90 days after the end of each of your fiscal years (or any permitted extension for filing same), you must submit to us a copy of the Schedule C or equivalent portion of your federal tax return relating to the Outlet and your operation of the Franchised Business On the Effective Date (and any time thereafter that this date changes), you must notify us of your fiscal year end date

(c) All financial or statistical information you provide to us must be accurate and correct in all material respects

(d) We have the right to use any financial or statistical information that you provide us as we deem appropriate We will not identify you, your Outlet or your Territory as the source of the information and will not disclose any of this information except (i) with your written consent (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement

(e) We or our designated agents have the right at all reasonable times to examine copy and audit the books records and applicable portions of your tax returns that relate to the Outlet and your operation of the Franchised Business We agree to maintain the contents of the Schedules C (or equivalent portion) of your tax returns in strict confidence and will not disclose them to any third party without your express written consent

(f) You must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate

8 8 Signs and Display Materials

(a) All signs display materials and other materials containing the Marks must be in full compliance with the specifications provided in and in conformity with, the Confidential Operations Manual We will have the right to designate or approve ~~the~~ suppliers of signs and display materials containing the Marks in accordance with Confidential Operations Manual guidelines

(b) Subject to applicable ~~governmental~~ ordinances regulations and statutes, you agree to erect and maintain, at the Outlet ~~entirely~~ at your expense, any minimum signage recommended by us Any signage containing the Marks will be designed by a vendor designated by CBF and manufactured by a vendor designated or approved by CBF

8 9 Telephone Numbers

At your ~~sole~~ expense you must list the telephone number for your Outlet in accordance with procedures prescribed by the Confidential Operations Manual At the time of termination or expiration of this Agreement for any reason you must transfer the telephone numbers for your Outlet to us or cancel them and de-list them from any applicable telephone directory or other telephone number listing service

8 10 Insurance

(a) You must have in effect on the Opening Date and maintain at all times ~~during the term of this Agreement~~ comprehensive general liability insurance and other insurance that is legally required for you to operate your business (*i e* workers' compensation insurance) or that is reasonably prudent for your type of business Policy coverage limitations and other terms relating to insurance will be set forth in the Confidential Operations Manual Any policies of insurance that you maintain must contain a separate endorsement naming us and the Owner of the Marks ~~(~~and our other affiliated companies identified by us in writing~~)~~ as additional insureds to the full extent of coverage provided under the insurance policies and must not contain any policy exclusion of coverage for insureds under the policy You must provide us a copy of the policy and endorsement upon issuance, ~~and~~ upon each and every renewal and when we request

(b) You must promptly notify us of any and all claims against you or us under the ~~said~~ policies of insurance and deliver to us certificates evidencing that the ~~such~~ insurance are in full force and effect within 30 days after the Opening Date and each ~~succeeding~~ anniversary of the Opening Date The ~~Such~~ insurance certificate must contain a statement that the certificate cannot be canceled without 30 days prior written notice to you and to us

8 11 Review and Inspection

(a) CBF has the right to send representatives (may also be done electronically or by phone, photos, video, or using methods such as Skype or FaceTime, as CBF elects) at reasonable intervals at any time(s) during normal business hours, to your Outlet or other offices to review and inspect your operations, business methods, service management and administration relating to the Franchised Business or its equivalent to determine the quality thereof and assess ~~the faithfulness of~~ your compliance with the provisions of this Agreement and the Confidential Operations Manual

(b) You must permit our agents to access your Outlet and any other facility from which you sell Cardio Barre Services and Products at any time during normal business hours to conduct reviews and inspections You must cooperate with such reviews and inspections by providing ~~rendering such~~ assistance that ~~as~~ our representatives ~~may reasonably~~ request and ~~upon~~ notice from us or our agents immediately take ~~begin such~~ steps as ~~may be~~ needed ~~cessary~~ to correct any deficiencies noted in ~~during any~~ such inspections

8 12 Compliance with Laws

You must (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed ~~upon~~ you or ~~upon~~ your business or property You represent and warrant that you will obtain and at all times maintain all necessary permits, certificates or licenses necessary to conduct the Franchised Business in the locality ~~within~~ which the Outlet is situated You must immediately notify us of any litigation arbitration, disciplinary action, criminal proceeding or any other legal proceeding or action brought against or involving you or any entity affiliated with you or any agent employee owner director or partner of yours, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Operations Manual

8 13 Web Site and Internet Marketing

(a) During the term of this Agreement, you must ~~will~~ use the Cardio Barre website as specifically authorized by us in section 6 2(a) of this Agreement the Confidential Operations Manual or otherwise in writing to register new customers and market your Outlet Otherwise you may not (i) engage in the Franchised Business directly or indirectly through the Internet (ii) establish a website or social networking media outlet (such as Facebook Linked In MySpace Twitter *etc*) or register an Internet domain or social networking media outlet name using any of the Marks or (iii) otherwise advertise on the Internet or anywhere else the mark Cardio Barre or any other Mark or any mark similar to Cardio Barre" or any combination or derivations thereof

(b) Any alternative distribution methods and programs you would like to use to engage in the Franchised Business including e-commerce web sites, Internet sub-dealers, telesales and telemarketing or any other non-retail method of distribution is subject to the prior written approval of CBF which approval will be granted or withheld in ~~the exercise of~~ our ~~reasonable~~ judgment

8 14 Intranet

(a) We may, at our option establish and maintain an "Intranet" through which Cardio Barre franchisees may communicate with each other and through which we and you may communicate with each other and through which we may disseminate the Confidential Operations Manual updates ~~thereto~~ and other confidential information We will have control over all aspects of the Intranet including the content and functionality thereof We will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to you

(b) You may use the Intranet but only ~~if you are~~ in strict compliance with the standards and specifications protocols and restrictions that we may establish from time to time regarding such use Such standards and specifications protocols and restrictions may relate to, among other things (i) the use of abusive slanderous or otherwise offensive language ~~in electronic communications~~ (ii) communications between or among franchisees that endorse or encourage default of any Cardio Barre franchisee s franchise agreement or other agreement with us or our affiliates (iii) confidential treatment of materials that we transmit via the Intranet (iv) password protocols and other security precautions including limitations on the number and types of employees that may be granted access to the Intranet (v) grounds and procedures for our suspending or revoking a franchisee s access to the Intranet and (vi) a privacy policy governing our access to and use of electronic communications that franchisees post to the Intranet You acknowledge that as administrator of the Intranet we can technically access and view any communication that any person posts on the Intranet You further acknowledge that the Intranet facility and all

communications that are posted to it will become our property, free of any claims of privacy or privilege that you or any other person may assert

(c) You must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be ~~specified~~ in the Confidential Operations Manual) with the Intranet that allows us to send messages to and receive messages from you, subject to the standards and specifications

8 15 Franchise Advisory Council

We may, at our option, establish a franchise advisory council (the FAC), which will be composed of franchisees of the System The FAC will among other functions requested by us serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and us If appointed or elected to do so you (or your designee) must at your own expense participate as a member of the FAC We reserve the right to set reasonable standards for appointment or election to the FAC and you acknowledge that if we establish the FAC you may be required to pay an FAC fee or otherwise contribute to the FAC as the FAC leadership or we may require You acknowledge that the role of the FAC is advisory only and we are not obligated to implement the FAC's recommendations Neither you nor your designee will have the right to be appointed elected, and if appointed or elected, to continue to serve on the FAC if you are in material default of this Agreement or are not current in your financial obligations to us and your landlord (if any), suppliers and vendors

IX PROPRIETARY MARKS

9 1 License of the Marks

(a) We ~~hereby~~ grant you the right while you are in compliance with this Agreement, during its term, ~~during the term hereof~~ to use and display the Marks in accordance with the provisions ~~contained~~ in this Agreement and in the Confidential Operations Manual only ~~solely~~ in connection with you operation of the Franchised Business in the Territory Neither you nor any Principal Equity Owner may use display or permit the use or display of trademarks trade names service marks insignias or logo types other than the Marks and other trademarks and service marks approved for use by us in connection with the Franchised Business Neither you nor any Principal Equity Owner may use or display the Marks in connection with the operation of any business or other activity that is outside the scope of the Franchised Business **You may ~~only~~ use the Marks on the Internet or other electronic media only in the manner and as specifically authorized by us in the Confidential Operations Manual or otherwise in writing** You agree to be responsible for and supervise all ~~of~~ your employees and agents ~~in order~~ to insure their proper use of the Marks in compliance with this Agreement

(b) You acknowledge that the Marks have been licensed to us by the Owner of the Marks to use in the franchised System You acknowledge and agree your use of the Marks is a temporary authorized use under this Agreement and that the Owner of the Marks retains all ownership interests in the Marks and that ~~the Owner of the Marks~~ CBF and the Owner of the Marks retain all ownership of the goodwill generated by the Marks You acknowledge that the use of the Marks outside the scope of the terms of this Agreement without our written consent is an infringement of the Owner of the Marks and our exclusive right title and interest in and to the Marks You agree that as between you and us, all rights to use the Marks within the franchised System are our exclusive property You now assert no claim and will hereafter assert no claim to any goodwill reputation or ownership thereof by virtue of your franchised use thereof or otherwise It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and our other manuals bulletins, instruction sheets forms methods of operation and goodwill are and, as between you and us remains vested solely in us and the use thereof is only co-extensive with the term of this Agreement

(c) You agree that during the term of the Franchise and after the repurchase expiration or termination of the Franchise you will not directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness secondary meaning ownership or enforceability of the Marks or take any other action in derogation of the Marks, and that no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the Marks

(d) You ~~hereby~~ grant us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Cardio Barre Services and Products, any Cardio Barre Outlet and the System, without compensation beyond the provisions of this Agreement You ~~also~~ agree (i) to have any affected employee

of yours who is not a Principal Equity Owner sign a release in the form contained in the Confidential Operations Manual authorizing us to also use his or her name, image and likeness for the purposes described in this section 9 1(d), without compensation beyond the provisions of this Agreement, and (ii) to provide us with a copy of such signed release The terms of this section 9 1(d) survive termination or expiration of this Agreement

[Your Initials _____ Principal Equity Owners' Initials _____ _____ _____ _____ _____]

(e) You acknowledge that we prescribe uniform standards respecting the nature and quality of Cardio Barre Services and Products provided by you in connection with which the Marks are used Nothing herein gives you any right title or interest in or to any of the Marks except a limited ~~mere~~ privilege and license during the term of this Agreement ~~hereof~~ to display and use them ~~same~~ and you agree that all of your use of the Marks under this Agreement inures to our benefit and the benefit of the Owner of the Marks

(f) You and all Principal Equity Owners agree that all materials associated with CBF Cardio Barre Services and Products or other services artwork graphics layouts, slogans names titles text or similar materials incorporating, or being used in connection with the Marks which may be created by you your employees, agents and subcontractors and any other party with whom you may contract to have such materials produced pursuant to this Agreement will become the sole property of the Owner of the Marks, including copyright and trademark rights In furtherance thereof you ~~hereby and~~ irrevocably assign to us all such materials, artwork, graphics layouts, slogans names, titles text or similar materials, whether presently or hereafter existing Y~~Furthermore you~~ agree on behalf of yourself your employees, your agents, your subcontractors and any other party with whom you may contract to have such materials produced to promptly execute any and all appropriate instruments of assignment and other documents we may request in this regard

(g) If we deem it necessary you agree to join with us and share the expenses in any application to enter you as a registered or permitted user or the like of the Marks with any appropriate governmental agency or entity On~~Upon~~ termination of this Agreement for any reason whatsoever we may immediately apply to cancel your status as a registered or permitted user and you ~~hereby~~ consent to the cancellation and agree to join in any cancellation petition You will bear the expense of any cancellation petition

9 2 Your Business Name

(a) In connection with your operation of the Franchised Business in the Territory, you agree that at all times and in all advertising, promotions, signs and other display materials, on your letterhead business forms and at the Outlet and other authorized business sites, in all your business dealings related to the general public, you will identify the Franchised Business only ~~solely~~ under a trade name authorized by us that indicates your separate and independent status ("Business Name) and that you will ensure that signage advertising and other written materials prominently state that your business is "Independently Owned and Operated by Business Name" or, where when we determine it is feasible, "Independently Owned and Operated by Business Name using Intellectual Property licensed to us by Cardio Barre' (or similar language acceptable to us) In addition contracts agreements, invoices and similar documents must expressly state "The business relationship reflected herein is with Business Name, only and not with any other entity or trademark owner" (or words of similar import acceptable to us)

(b) You must file and keep current a fictitious business name statement assumed name certificate or similar document with respect to your Business Name in the county or other designated jurisdiction in which you are conducting business and at such other places as may be required by law Before you commence engaging in the Franchised Business under the Marks, you must supply evidence satisfactory to us that you have complied with relevant laws regarding the use of fictitious or assumed names

(c) On expiration or sooner termination of this Agreement we may, if you do not do so, execute in your name and on your behalf any and all documents necessary in our judgment, to end and cause a discontinuance of the use by you of the Marks and Business Name registrations and we are hereby irrevocably appointed and designated as your attorney-in-fact to do so

(d) You ~~further~~ agree that you will not identify yourself as (i) us (ii) a subsidiary, parent division, shareholder, partner joint venturer agent or employee of ours or the Owner of the Marks or (iii) any of our other franchisees

(e) If the franchisee under this Agreement is an entity and not an individual proprietor you cannot use any of the Marks in your entity s legal name

9 3 Trade Secrets and Proprietary Information

(a) You acknowledge that the material and information now and hereafter provided or revealed to you pursuant to this Agreement (including in particular but without limitation, the contents of the Confidential Operations Manual) are confidential trade secrets of CBF and are revealed in confidence, and you ~~expressly~~ agree to keep and respect the confidences so reposed both during the term of this Agreement and thereafter We ~~expressly~~ reserve all rights with respect to the Marks, confidential trade secrets methods of operation and other proprietary information except as may be expressly granted to you hereby or in the Confidential Operations Manual We will disclose to you certain trade secrets as reasonably needed for the operation by you of your Franchised Business by loaning to you, for the term of this Agreement manuals and other written materials containing the trade secrets through training and assistance provided to you hereunder and by and through the performance of our other obligations under this Agreement

(b) You acknowledge that we are the sole owner of all Proprietary Information and our trade secrets that such information is being imparted to you only by reason of your special status as a franchisee of the System and that our trade secrets are not generally known to our industry or the public at large and are not known to you except by reason of such disclosure You ~~further~~ acknowledge that you will acquire no interest in the Proprietary Information and trade secrets disclosed to you, other than the right to use them in the development and operation of the Franchised Business during the term of this Agreement Y~~In addition~~ you acknowledge that the use or duplication of our trade secrets except as expressly permitted by this Agreement constitutes an unfair method of competition ~~and~~ that ~~we~~ will cause us ~~suffer~~ irreparable injury ~~thereby~~

(c) You agree that you will not do or permit any act or thing to be done in derogation of any of our rights in connection with the Marks either during the term of this Agreement or thereafter and that you will use these only for the uses and in the manner franchised and licensed hereunder and as herein provided Furthermore you and your employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks

9 4 Modification of Marks and Trade Dress

We may add to substitute or modify any or all of the Marks or Trade Dress from time to time by directive in the Confidential Operations Manual You must accept use display, or cease using, as may be applicable the Marks and Trade Dress including but not limited to, any such modified or additional trade names, trademarks, service marks logo types and commercial symbols and must within 30 days of receiving notification commence to implement such changes and use your best efforts to complete such changes as soon as practicable

9 5 Mark Infringement Claims and Defense of Marks

(a) If you receive notice or otherwise become aware of any claim suit or demand against you by any person or entity ~~arty~~ other than us the Owner of the Marks or any of our affiliates on account of ~~any~~ alleged infringement, unfair competition or similar matter arising from your use of the Marks in accordance with the terms of this Agreement or ~~any~~ misuse of the Marks by third parties on the Internet or otherwise, you must promptly notify us of any such claim suit, demand or misuse You will have no power right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent We will defend, compromise or settle in the exercise of our ~~reasonable~~ judgment any such claim suit or demand and take steps to stop misuse at our cost and expense using attorneys selected by us or the Owner of the Marks, and you agree to cooperate fully in such matters

(b) We will indemnify you and hold you harmless from and against that portion of a ~~any and all~~ judgment s in ~~resulting from~~ a ~~ny~~ claim suit or demand against you arising from your authorized and proper use of the Marks in accordance with the terms of this Agreement We have the sole right to determine in the exercise of our ~~reasonable~~ judgment whether a similar trademark or service mark that is being used by a third party is confusingly similar to the Marks being used by you or constitutes a misuse of the Marks, and whether and what subsequent action, if any should be undertaken with respect to such similar trademark or service mark or misuse

X MARKETING AND PROMOTION

10 1 Use of Marketing and Promotion Fees

(a) If and when we start ~~begin~~ collecting Marketing and Promotion Fees pursuant to section 4 3(a) ~~hereof~~, CBF will expend for ~~the~~ purposes of national regional or local advertising, cooperative advertising market research, public relations and promotional ~~campaigns~~ campaigns seeking ~~designed~~ to promote and enhance the value of the Marks and general public recognition and acceptance thereof, an amount equal to the aggregate Marketing and Promotion Fees collected from all ~~of its~~ franchisees less a 15% administrative fee ~~None of T~~the Marketing and Promotion Fees will be deemed not to be held subject to any type of trust arrangement and CBF is deemed not to have any fiduciary or other form of heightened duty No interest on unexpended Marketing and Promotion Fees will be imputed for your benefit or payable to you If requested by you in writing not later than March 31 of a ~~ny~~ calendar year, we will provide you not later than May 31 of that year ~~with~~ a statement of receipts and expenditures of the aggregate Marketing and Promotion Fees relating to the preceding calendar year ~~certified to be correct by an officer of CBF~~

(b) As we deem appropriate in the exercise of our ~~reasonable~~ judgment CBF is obligated to spend the Marketing and Promotion Fees collected from you and all other Cardio Barre franchisees (less our 15% administrative fee) on regional, local or national media or other marketing techniques or programs designated to promote the retail sale of Cardio Barre Services and Products the Marks and other aspects of the Cardio Barre brand creative and production costs and for other purposes deemed appropriate by us to enhance and promote ~~the~~ general recognition of Cardio Barre franchises

(c) CBF will ~~ould~~ also be authorized to spend Marketing and Promotion Fees collected from you and all other Cardio Barre franchisees for CBF-approved initiatives, which may include branding and marketing studies, initiatives and research test marketing new products or concepts franchisee compliance with System standards and practices through a ~~-~~ mystery shopper' programs ~~the~~ development of marketing strategies tools initiatives, and materials public relations, market research annual conferences (excluding the expenses of our principals and employees to travel to such conferences), and occasional selective regional and local advertising

10 2 Advertising Content and Costs

With respect to regional or system-wide advertising, we determine the cost form of media, content, format production timing (including regional or local concentration and seasonal exposure), location and all other matters relating to advertising public relations and promotional campaigns

XI NON-COMPETITION COVENANTS

11 1 Exclusive In Term Dealing

(a) You acknowledge that you will receive valuable specialized training and access to our trade secrets including without limitation information regarding the operational sales promotional and marketing methods and techniques of the System and to additional know-how that may or may not be trade secrets In consideration for the receipt, use and license of such valuable information, you agree that neither you nor any Principal Equity Owner may (either directly or indirectly for yourself or themselves or through on behalf of or in conjunction with any person persons partnership, corporation or other entity) operate manage, own, assist or hold an interest in (direct or indirect as an employee officer director, shareowner partner joint venturer or otherwise), or engage in, any competing business selling goods or offering services equivalent to Cardio Barre Services and Products or the Franchised Business, without our express prior written consent

(b) It is the intention of both you and CBF that you maximize the Franchised Business within the Territory ~~and~~ Aany action of yours that diverts business to another entity or diminishes the Franchised Business being conducted in the Territory will be a material breach of this Agreement Accordingly neither you nor any Principal Equity Owner may, either directly or indirectly for yourself or themselves, or through on behalf of or in conjunction with, any person persons partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise or (ii) do or perform, directly or indirectly any other act injurious or prejudicial to the goodwill associated with the Marks or the System, ~~or (iii) solicit without our prior consent any person who is at that time employed by us or any related entity to leave his or her employment~~

11 2 Post Termination Non-Competition Covenants

For a period of one year after termination of this Agreement or its expiration without renewal pursuant to section 5 2 of this Agreement or your transfer or assignment of this Agreement (which transfer or assignment can occur only pursuant to the terms of this Agreement), you agree that you will not operate manage own assist or hold an interest in (direct or indirect as an employee officer director, shareowner partner, joint venturer or otherwise), or engage in, any competing business selling goods or offering services equivalent to Cardio Barre Services and Products or the Franchised Business, within a radius of 25 miles of (i) your Territory or (ii) any ~~other~~ authorized retail location selling Cardio Barre Services and Products without our express prior written consent In all events, at all times following termination or expiration of this Agreement you must refrain from any use direct or indirect of any of our proprietary information

11 3 General Provisions Regarding Non-Competition Covenants

(a) You acknowledge the restrictions ~~contained~~ in this Article XI are reasonable and necessary ~~in order~~ to protect our legitimate interests and in the event of violation of any of these restrictions we are entitled to recover damages including, without limitation Royalties, Marketing and Promotion Fees and other fees that would have been payable if such business were included in the Franchised Business and an equitable accounting of all earnings profits and other benefits arising from such violation which rights and remedies will be cumulative and in addition to any and all other rights or remedies to which we are entitled at law or in equity

(b) This Article XI applies to your General Manager and other Principal Equity Owners and each of your other managers directors officers general partners and affiliates

(c) Each provision of this Article XI is independent of each other provision of this Agreement If any provision of this Article XI is held unreasonable or unenforceable by any court agency or other tribunal of competent jurisdiction under the applicable choice of law provided for in Section 16 15, then you agree to be bound by the maximum duty permitted by law with respect to that provision, which will be deemed restated accordingly and also agree to be bound by all other provisions of this Article XI

XII ASSIGNMENT

12 1 Assignment by Us

We have the right to Transfer this Agreement, and all of our rights and privileges hereunder to any other person firm or corporation ("Our Assignee") in whole or in part, on one or more occasions, provided that, in respect to any Transfer ("Assignment by Us") resulting in the subsequent performance by our Assignee of the functions of franchisor hereunder (i) at the time of Assignment by Us Our Assignee must be in our estimation financially responsible and economically capable of performing the obligations of franchisor hereunder, and (ii) Our Assignee must expressly assume and agree to perform such obligations ~~In the event of such Assignment by Us w~~We will be relieved of all assigned obligations or liabilities after the effective date of the assignment

12 2 Assignment by You

(a) This Agreement is ~~being~~ entered into in reliance ~~upon~~ and in consideration of the singular personal skills and qualifications of you and the Principal Equity Owners and the trust and confidence we repose in you and them Therefore neither your interest in this Agreement and the Franchise granted hereunder, nor all or substantially all or any material part of the ~~of the~~ assets of the Franchised Business, nor a controlling or non-controlling interest in the Franchised Business may be assigned, transferred shared or divided voluntarily or involuntarily, in whole or in part, by operation of law or otherwise in any manner (collectively, "Assignment by You"), without our prior written consent and subject to our right of first refusal provided for in section 12 3 ~~hereof~~ Any purported assignment, transfer, share or division without our prior written consent shall be void and of no effect Our consent to a specific Assignment by You is not cumulative and will not apply to any subsequent assignments in respect of each of which you must comply with this section 12 2

(b) Prior to any Assignment by You you must notify us of your intent to sell transfer or assign the Franchise, all or substantially all of the assets of the Franchised Business, or a controlling or non-controlling interest in the Franchised Business The notice shall be in writing delivered to us in accordance with section 16 1 ~~hereof~~ and include all of the following

(i) The proposed transferee s name and address and if the proposed transferee is an entity, the names and addresses of each and all of its direct and indirect owners,

(ii) A copy of all agreements and instruments related to the sale, assignment, or transfer of the Franchise the assets of the Franchised Business, or the interest in the Franchised Business, and

(iii) The proposed transferee s application to us for approval to become the successor franchisee The application must include all forms, financial disclosures and related information generally utilized by us when interviewing prospective new franchisees ~~if those forms are readily made available to you If the forms are not readily available,~~ You are responsible to ~~must~~ request, in accordance with Section 16 1, ~~that~~ we deliver the forms to you with the request being made ~~by business courier~~ in sufficient time to allow for delivery and for preparation and submission of the completed forms to us ~~accordance with section 16 1 hereof within 15 calendar days~~ As soon as practicable after ~~the~~ receipt of the proposed transferee s application, we will notify in writing, you and we will have the right but not the obligation to also notify ~~the~~ proposed transferee of any additional information or documentation necessary to complete the transfer application If our then-existing standards for ~~the~~ approval of new or renewing franchisees are not readily available to you when you notify us of your intent to sell transfer or assign the Franchise, all or substantially all ~~of the~~ assets of the Franchised Business or the controlling or non-controlling interest in the Franchised Business, we will communicate the standards to you within 15 calendar days after receiving your request made in accordance with Section 16 1

(c) Within 60 days after ~~the~~ receipt of all ~~of~~ the ~~necessary~~ information and documentation required pursuant to section 12 2(b) ~~above~~ or as specified by written agreement between us and you we will notify you of the approval or disapproval of the proposed Assignment by You The notice will be in writing and delivered to you ~~by business courier~~ in accordance with section 16 1 ~~hereof~~ ~~Should we elect not to exercise our right of first refusal or should such right of first refusal be inapplicable, as herein provided, our consent to the proposed Assignment by You will be deemed approved unless disapproved by us in writing and for reasons permitted by the law governing this Agreement~~ If the proposed sale assignment or transfer is disapproved we will include in the notice of disapproval a statement setting forth ~~the~~ reasons for ~~the~~ disapproval However, regardless of the above, we may if we deem necessary, require you to submit additional information for purposes of our consideration whether to approve or disapprove which could result in extension of the 60 day period provided for above

(d) We may impose, among other things the following conditions precedent to our consent to any ~~such~~ Assignment by You ~~(these conditions are consistently applied to similarly situated franchisees operating under the Franchise brand)~~

(i) The assignee of yours ("Your Assignee") must complete our application for a franchise, and ~~in connection therewith~~ you and Your Assignee must fully disclose in writing all of the terms and conditions of the proposed Assignment ~~by You~~,

(ii) Your Assignee and the principal equity owners of Your Assignee must demonstrate that they have the skills, qualifications and economic resources necessary, in our sole judgment to conduct the business contemplated by this Agreement,

(iii) Your Assignee and each principal equity owner of Your Assignee expressly assumes in writing for our benefit all of your obligations under this Agreement

(iv) Your Assignee executes the then current form of Franchise Agreement being used by us for the remainder of the term of this Agreement or in the exercise of our ~~reasonable~~ judgment for the initial term of the then current form of Franchise Agreement (in the exercise of our ~~reasonable~~ judgment Your Assignee may be permitted to assume in writing this Agreement for the remainder of its term)

(v) You must have complied fully as of the date of any such Assignment by You with all of your material obligations to us whether under this Agreement or any other agreement arrangement or understanding with us

(vi) Your Assignee agrees that our Initial Training program described in section 6 1 ~~hereof~~ and any other training or orientation programs then required by us will be satisfactorily completed by necessary personnel within 30 days after the execution by Your Assignee of a Successor Franchise Agreement and ~~provided however that~~ Your Assignee must agree to pay for all of his, her or its expenses incurred in connection therewith including any fee we charge for training (at the rate in effect at the time of transfer) travel hotel and meal expenses ~~and~~

(vii) The terms and conditions of the Assignment are not so disproportionate to value or so burdensome as to potentially risk the ability of the Assignee to operate the business,

(viii) Not later than 10 days before the transfer you must pay us a non-refundable Transfer Fee" of $7 500 We may increase ~~adjust~~ the Transfer Fee based on increases ~~corresponding changes~~ in the CPI since the Effective Date,~~-~~ and

(ix) Any other conditions we reasonably deem to be necessary in the circumstances of the proposed Assignment

(e~~d~~) You do not have a right to pledge encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with our prior written consent ~~which will not be unreasonably withheld~~ you may pledge a security interest in this Agreement in connection with a Small Business Administration ~~guaranteed~~ loan) nor subfranchise or otherwise transfer or attempt to subfranchise or otherwise transfer the Franchised Business or to transfer or subfranchise a portion but not all of your rights hereunder without our express prior written consent which may be withheld for any reason in the exercise of our ~~reasonable~~ judgment

(f~~e~~) Any attempt by you to assign or any purported Assignment by You in violation of this section 12 2 is void and will (i) constitute a material breach of this Agreement (ii) cause this Agreement (and, in the exercise of our ~~reasonable~~ judgment any or all other agreements between you and us or between you and our affiliates) to be subject to immediate termination without further notice and (iii) confer no rights or interest whatsoever under this Agreement upon any other party

(g~~f~~) Upon our consent to any Assignment by You you must bring all accounts with us current and together with CBF execute a mutual general release

12 3 Right of First Refusal

(a) Except for a transfer (i) to your heirs personal representatives or conservators in the case of death or legal incapacity as provided in section 12 6 ~~hereof~~ or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under an SBA guaranteed loan your right to Transfer your entire interest in the Franchise granted by this Agreement under section 12 2 ~~hereof~~ is subject to our right of first refusal which will be exercised in accordance with the terms of this section 12 3

(b) You must deliver to us a written notice setting forth (i) all of the terms and conditions of any *bona fide* offer relating to a proposed Assignment by You and (ii) all available information concerning your Assignee including a detailed summary of how the proposed assignee meets our qualifications for a new Cardio Barre franchisee and any other related information requested by us If the specified terms and conditions include non-monetary consideration ~~of a non-monetary nature~~ such consideration must be expressed in reasonably equivalent monetary terms and if it involves matters that cannot be stated in monetary terms, such consideration will not be considered in connection with our right of first refusal

(c) Within 15 days after our receipt of such notice (or if we request additional information, within 10 days after receipt of such additional information), we may either (i) consent or withhold our consent to such Assignment by You in accordance with section 12 2 ~~hereof~~ or (ii) at our option, accept the Assignment by You ourselves or on behalf of our nominee upon the terms and conditions specified in the notice

(d) If we elect not to exercise our right of first refusal and consent to the Assignment by You, you will for a period of 60 days and subject to the provisions of section 12 2 ~~hereof~~, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in the ~~said~~ notice If however these terms are modified in any material manner (as determined by us) or if the ~~said~~ 60-day period expires we will again have such right of first refusal with respect thereto and you will again be required to comply with section 12 3(b) ~~above~~ Detailed terms of assignment must be delivered to us no later than 72 hours following the close of escrow or other consummation of the transaction

12 4 Transfers to Certain Family Members

You or a Principal Equity Owner, if a natural person may with our consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in your franchised entity to such person's spouse or adult child ~~or person having equivalent rights under applicable federal or state law parent sibling niece, nephew~~

descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor remains a party to this Agreement No transfer under this section 12 4 will be subject to our right of first refusal set forth in section 12 3 hereof However you must comply with section 12 2(b)(i) through (vii) and 12 2(b)(ix) above as well as provide full disclosure of the terms of the said transfer and deliver to us no later than three business days prior to the close of the transaction In addition, copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction

12 5 Transfers to Affiliated Entities

You or a Principal Equity Owner may without our consent, upon 30 days prior written notice to us, Transfer the Franchised Business or an equity interest in your franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer provided that adequate provision is made for the management of the Franchised Business No Transfer under this section 12 5 will be subject to our right of first refusal set forth in section 12 3 hereof or the Transfer Fee set forth in section 12 2(b)(viii) hereof However you must comply with section 12 2(b)(i) through (vii) and 12 2(b)(ix) above as well as provide full disclosure of the terms of the said transfer and deliver to us no later than three business days prior to the close of the transaction In addition copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction

12 6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner

(a) INotwithstanding the foregoing in the event of your death or legal incapacity, if you are an individual, or the death or legal incapacity of a Principal Equity Owner holding a majority equity interest ('Majority Equity Owner") if you are a corporation limited liability company or partnership the transfer of your or the deceased Majority Equity Owner's interest in this Agreement to his or her heirs personal representatives or conservators as applicable will not be deemed an Assignment by You (provided that in the event of your death a responsible management employee or agent of yours that has been satisfactorily trained by us will be responsible for the Franchised Business) nor obligate you to pay any transfer fee nor give rise to our right of first refusal as set forth in section 12 3 hereof although such refusal right and obligation to pay will be applicable to any subsequent Transfer by your or a Majority Equity Owner's heirs, personal representatives or conservators

(b) In the event of your death or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer within 270 days after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business If we determine (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise we may (but are not obligated to) immediately commence operating the Franchised Business on your behalf for a period of up to 90 days renewable as necessary for up to one year For such management assistance the Franchised Business must pay a reasonable *per diem* charge we set for the interim manager

(c) No Transfer under this section 12 6 will be subject to (i) our right of first refusal set forth in section 12 3 hereof or (ii) the Transfer Fee set forth in section 12 2(b)(viii) hereof However, you must comply with section 12 2(b)(i) through (vii) and 12 2(b)(ix) above as well as provide full disclosure of the terms of said the transfer and deliver to us no later than three business days prior to the close of the transaction In addition copies of fully executed paperwork must be delivered to us no less than three business days following the close of the transaction

12 7 Consent to Transfers

Except as otherwise provided in this Agreement and subject to our right of first refusal provided in section 12 3 hereof you or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement the Franchised Business or the economic benefits derived therefrom or any equity interest in your franchised entity, not permitted by the preceding sections 12 4, 12 5 and 12 6 only after written notice to us and only with our written consent, which will not be unreasonably withheld We will exercise our good faith business judgment in determining whether to give or withhold our consent to a Transfer under this section 12 7 Such exercise of good faith business judgment may include our consideration of certain skills and qualifications of the prospective transferee which are of business concern to us, including without limitation, the following experience in businesses similar to the Franchised Business financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferee, the ability of such prospective transferee to fully and faithfully conduct the Franchised Business as contemplated by this Agreement and the effect that the Transfer and the prospective transferee will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or us or any of our affiliates

XIII DEFAULT AND TERMINATION

13 1 General

(a) This Agreement may be terminated by us only for good cause, which means your failure to ~~substantially~~ comply with a ~~the~~ lawful requirements imposed ~~upon it~~ by this Agreement after being given notice ~~at least 60 days~~ in advance of the potential termination and a reasonable opportunity which in no event will be less than 60 days from the date of the notice of noncompliance to cure the failure (provided that this section 13 1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 13 2 ~~below~~ and provided further that if applicable law specifies a longer period of notice, then CBF will be obligated to give the longer notice provided by law)

(b) If we are in material breach of this Agreement, you may terminate this Agreement by giving us prior written notice setting forth the asserted breach of this Agreement and giving us 60 days in which to cure the default A material breach of this Agreement by us means ~~any~~ unauthorized action or omission seriously impairing or adversely affecting you or the relationship between you and us created by this Agreement However if CBF becomes insolvent or declares bankruptcy, you will continue to have the right to operate under this Agreement until and unless a court orders otherwise

(c) Notwithstanding anything contained herein to the contrary in those circumstances under which we have the right to terminate this Agreement we also have the option, to be exercised in the exercise of our ~~reasonable~~ judgment to choose alternative remedies to our right to terminate the entire Agreement

(d) Notwithstanding anything contained herein to the contrary in those circumstances under which we have the right to terminate this Agreement, we have the right to exercise any and all remedies available to us at law or in equity including without limitation specific performance and damages (including without limitation punitive damages) All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity

13 2 Immediate Termination

(a) We have the right to terminate this Agreement immediately upon notice to you without an opportunity to cure if

(i) You or the business to which the Franchise relates has been the subject of an order for relief in bankruptcy is judicially determined to be insolvent all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor or you admit your inability to pay your debts as they come due,

(ii) You Abandon the Franchise by failing to operate the business for five consecutive days during which you are required to operate the business under the terms of the Franchise or any shorter period after which it is ~~not un~~reasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Franchise unless such failure to operate is due to fire flood, earthquake or other similar causes beyond the franchisee's control,

(iii) CBF and you agree in writing to terminate the Franchise,

(iv) You make any material misrepresentations relating to the acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System

(v) You fail, for a period of 10 days after notification of noncompliance to comply with any federal state or local law or regulation including but not limited to all health, safety building and labor laws or regulations applicable to the operation of the Franchise

(vi) After curing any failure in accordance with section 13 3 ~~below~~ you engage in the same noncompliance whether or not such noncompliance is corrected after notice

(vii) You repeatedly fail to comply with one or more material requirements of the Franchise, whether or not corrected after notice

(viii) The Franchised Business or business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized taken over or foreclosed by a creditor lien holder or lessor or that a final judgment against you remains unsatisfied for 30 days (unless an appeal bond has been filed) or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business and it is not discharged within five days of such levy,

(ix) You are convicted of a felony or ~~any~~ other criminal misconduct which is relevant to the operation of the Franchise, or

(x) We make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety

(b) The parties recognize that some breaches by you may involve conduct that undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored even if the specific activity giving rise to the claim of breach has ended In such cases we will not be required to allow you a ~~no~~ period to ~~of~~ cure ~~will be required~~ However the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible

13 3 Termination After Notice

(a) Except as provided in section 13 2 ~~above~~ we may terminate this Agreement only for good cause (as defined in section 13 1(a) ~~above~~) after giving you prior written notice setting forth the ~~asserted~~ breach of this Agreement and giving you 60 days in which to cure the default Upon receipt of a notice of default you must immediately commence diligently to cure the ~~said~~ breach, and if you cure the ~~said~~ breach within 60 days our right to terminate this Agreement for that breach will cease If because of the nature of the breach, it would be unreasonable for you to be able to cure the default within 60 days you will be given additional time (up to 15 additional days) as is reasonably necessary in our determination to cure the ~~said~~ breach ~~upon~~ condition that you must, ~~upon~~ receipt of the ~~such~~ notice from us immediately commence to cure the ~~such~~ breach and continue to use best efforts to do so

(b) If your rights under this Agreement are terminated by us for material breach, we may at our option, declare you in default of all of the other franchise agreements or other agreements you have with us and terminate your rights under those other agreements as well

(c) The description of any default in any notice served by us hereunder upon you in no way precludes us from specifying additional or supplemental defaults in any action voluntary arbitration voluntary or court ordered mediation hearing or suit relating to this Agreement or the termination thereof and/or from taking additional actions as warranted

13 4 Description of Default

The description of any default in any notice served by us ~~hereunder~~ upon you in no way precludes us from specifying additional or supplemental defaults in any action voluntary arbitration voluntary or court ordered mediation, hearing or suit relating to this Agreement or the termination thereof

13 5 Statutory Limitations

~~Notwithstanding anything to the contrary in this Article XIII, i~~ In the event any valid applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties ~~hereto~~ limits our rights of termination ~~hereunder~~ or requires longer notice periods than those set forth herein and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein then the ~~is Agreement will be deemed amended to conform to the~~ requirements of such laws and regulations with regard to the required longer notice period shall apply ~~-~~ The length of time shall be extended ~~but in such event the provisions of the Agreement thus affected will be amended~~ only to the extent necessary to bring it within the requirements of the law or regulation

13 6 Extended Cure Period

~~Notwithstanding anything contained herein to the contrary including without limitation section 13 3(c) hereof, i~~In ~~those~~ circumstances under which we have the right to terminate this Agreement we also have the right to be exercised in ~~the exercise of~~ our ~~reasonable~~ judgment to grant to you in writing only in lieu of termination of this Agreement, an extended period of time to cure the breach which gave rise to our right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such

breach You acknowledge that our election to grant an extended cure period to you will not operate as a waiver of any of our rights hereunder

13 7 Our Right to Cure Your Defaults

In addition to all other remedies herein granted, if you default in the performance of any of your obligations or breach any term or condition of this Agreement or any related agreement involving third parties, we may at our election immediately or at any time thereafter without waiving any claim for breach hereunder and without notice to you, cure the default for your account and on your behalf, and all costs or expenses including attorney's fees incurred by us on account thereof are due and payable by you to us on demand

13 8 Waiver and Delay

No waiver by us of any breach or series of breaches or defaults in performance by you and no failure refusal or neglect of ours either to exercise any right power or option given to us ~~hereunder~~ or to insist upon strict compliance with or performance of your obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach ~~thereof~~ or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof

13 9 Recovery of Lost Royalty

If this Agreement is terminated because of your ~~material~~ breach, based on the estimated time it takes for a replacement franchise outlet to achieve a similar revenue stream we are entitled to recover liquidated damages equal to the amount of the Royalty paid by you during (i) the three years prior to the date this Agreement was terminated or (ii) if the Opening Date is less than three years before the termination date, the time since the Opening Date

13 10 Collection Costs

We are entitled to reimbursement from you ~~u~~pon our demand of all costs we have incurred (including reasonable attorneys fees) to enforce our rights under this Agreement, including actions to collect any amounts due and delinquent hereunder

13 11 Continuance of Business Relations

Any continuance of business relations between you and us after termination of this Agreement will not be construed as a renewal extension or continuation of this Agreement

XIV DISPUTE RESOLUTION

14 1 Initial Steps to Resolve Disputes ~~Mediation~~

(a) We and you have entered into a long term franchise relationship which gives rise to an obligation subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed in light of the overall best interests of the System as contemplated by this Agreement ~~To that end you and we acknowledge that you and we need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship Good faith communications between us are an important aspect of that obligation~~ The parties hereby pledge and agree that they will first attempt to resolve any dispute claim or controversy arising out of or relating to this Agreement ~~or any alleged breach hereof~~, including any claim that this Agreement or any part hereof is invalid illegal or otherwise voidable or void (collectively Dispute) by first having our executive officers and your Principal Equity Owners meet in person at our principal executive office (without our respective legal counsel) and conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement

(b) The term "Dispute' as defined in section 14 1(a) above specifically excludes (i) any breach of this Agreement by you that may result in an immediate termination of this Agreement pursuant to section 13 2 above, or (ii) your failure to pay any sums due us under this Agreement which may result in termination of this Agreement pursuant to section 13 3 above, and we may proceed to terminate this Agreement in either of those two situations without a settlement meeting or arbitration proceeding ~~If we are unable to settle the Dispute at this settlement conference within 10 days after that conference we will submit the dispute to mediation conducted by a mediator appointed by JAMS Inc (JAMS) in accordance with its procedures unless the parties agree on a different mediator within 15 days after either party first gives notice of mediation The mediation proceedings will be conducted in Los Angeles County California and should be completed within 45 days following the date either party first gives notice of mediation The fees and expenses of the mediator will be shared equally by the parties The~~

~~mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement The entire mediation process will be confidential and the conduct, statements promises offers views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose, provided however that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission as a result of its use in the mediation~~

14 2 Arbitration

(a) Any Dispute between us (and/or our affiliated entities) and you (and/or your affiliated entities) that is not resolved at our meeting described in section 14 1 ~~through mediation~~ will be resolved through binding arbitration by one arbitrator from the list of retired judges referred by JAMS, Inc ("JAMS") and selected by the parties in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute mutually agree, through binding arbitration by any other mutually agreeable arbitration organization It is explicitly agreed by each of the parties hereto that no arbitration of any Dispute may be commenced except in accordance with this section 14 2

(b) Arbitration proceedings will be conducted individually by a single plaintiff, and not as a class or by multiple plaintiffs in one action All hearings and other proceedings will take place in Los Angeles County, California, or other county where our headquarters is then located, or if we so elect, at the JAMS business location nearest where your (or an applicable Principal Equity Owner's principal place of business) is then located

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions) The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award exemplary or punitive damages The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction

(d) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise notwithstanding said failure to appear

(e) The provisions of this section 14 2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement Furthermore, this section 14 2 will be construed as independent of any other covenant or provision of this Agreement, provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with the law

[Our Initials _____ Your Initials _____]
[Principal Equity Owners' Initials _____ _____ _____ _____ _____]

14 3 Injunctive Relief

Any party has the right in a situation where there is an imminent threat of harm to the ~~legal~~ rights or property of a party, and damages would not be adequate relief, or other grounds justifying provisional relief, ~~to~~ to seek a temporary restraining order and temporary or preliminary injunctive relief from a federal or state court ~~of competent jurisdiction~~ in California without the necessity of posting any bond and without the necessity of first complying with sections 14 1 and 14 2 above, and if bond is nevertheless required by the a court ~~of competent jurisdiction~~ the parties agree that the sum of $1 000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date) If an arbitration proceeding has already commenced pursuant to section 14 2 above when a party seeks injunctive relief then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator The existence of a proceeding commenced under section 14 1 or

14 2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief on account of this section 14 3 You acknowledge that you are one of a number of licensed franchisees using the Marks and that failure on your part to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations audits and the Marks could cause irreparable damage to us or other affiliated persons or entities and we or our affiliates could seek injunctive relief to protect the Marks This covenant is independent severable and enforceable notwithstanding any other rights or remedies that any party may have

14 4 Legal Fees and Expenses

The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party s counsel) and all other expenses incurred by the prevailing party in bringing or defending such arbitration action or proceeding and/or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees expert and other witness fees discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter The prevailing party will be determined by the arbitrator or court This section 14 4 is intended to be expressly severable from the other provisions of this Agreement is intended to survive any judgment and is not to be deemed merged into the judgment

14 5 Survival

The terms of this Article XIV survive termination expiration or cancellation of this Agreement

XV OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15 1 Your Obligations

(a) In the event of termination cancellation or expiration of this Agreement whether by reason of your breach default non-renewal lapse of time or other cause in addition to any other obligations provided for in this Agreement you must immediately stop ~~forthwith discontinue~~ the use or display of the Marks in any and every manner ~~whatsoever~~, and you may not thereafter operate or do business under the Marks or any other Cardio Barre brand or any other name or in any manner that might tend to give the general public or any member of the public the impression that you are in any way associated or affiliated with us or any of the businesses conducted by us or the owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Cardio Barre trade dress You must contact and follow up with Yelp, other online review sites and other online directories and websites and request and obtain the removal of all use of the trademarks in connection with the former Cardio Barre outlet (and delinking from all those sites, directories and websites of the physical address of the former Cardio Barre outlet) and all use of former reviews from the period you were a Cardio Barre franchisee Y ~~And you also~~ must comply with section 15 2 respecting the return to us of ~~certain~~ materials and must not thereafter use in any manner, or for any purpose directly or indirectly, any of our trade secrets, procedures, techniques, or materials acquired by you by virtue of the relationship established by this Agreement including without limitation (i) any training or other materials manuals, bulletins instruction sheets, or supplements ~~thereto~~, or (ii) any equipment videotapes videodiscs, forms advertising matter devices insignias slogans or designs used from time to time in connection with the Franchised Business

(b) If there is a termination, cancellation or expiration as described in section 15 1(a) ~~above~~ you must comply with section 11 2 of this Agreement respecting post-termination competition and also promptly

(i) Remove at your expense all signs erected or used by you and bearing the Marks or any word or mark indicating that you are associated or affiliated with CBF

(ii) Erase or obliterate from letterheads, stationery printed matter, advertising or other forms used by you the Marks and all words indicating that you are associated or affiliated with CBF,

(iii) Permanently stop~~discontinue~~ all advertising ~~of yours~~ that states or implies that you are associated or affiliated with CBF or the System

(iv) Refrain from doing anything that ~~which would~~ indicates ~~that~~ you are or ever were an authorized franchisee of CBF including without limitation indicating directly or indirectly that you were licensed to use the Marks or any other distinctive System features or that you at any time operated under any name word or mark associated or affiliated with CBF

(v) If you engage in any business thereafter you must use only trade names service marks and ~~or~~ trademarks that are significantly different from those under which you had done business and must use only sign formats that are significantly different in color and type face and must take all necessary steps to ensure that your present and former employees agents, officers shareholders and partners observe the foregoing obligations and

(vi) Assign all interest and right to use all telephone numbers and all listings applicable to the Outlet in use at the time of ~~such~~ termination to us and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible

(c) If you fail or omit to make or cause to be made any removal or change described in section 15 1(b)(i) through 15 1(b)(vi) ~~above~~ then we will have the right within 15 days after written notice to enter your Outlet or other premises from which the Franchised Business is being conducted, with such entry being deemed to be with your permission and consent, and thus without being ~~deemed~~ guilty of or liable for trespass or any other tort and make or cause to be made such removal and changes at your expense which expenses you agree to pay to us promptly ~~upon~~ demand and you ~~hereby~~ irrevocably appoint us as your lawful attorney upon termination of this Agreement with authority to file any document in the name of and on our behalf for the purpose of terminating any and all of your rights in any trade name you have used that contains any of the Marks

15 2 Our Rights as Franchisor

(a) The termination cancellation expiration or assignment of this Agreement will be without prejudice to any rights of us against you and such termination cancellation expiration or assignment will not relieve you of any of your obligations to us existing at the time of termination cancellation expiration or assignment or terminate those obligations of ours which by their nature, survive the termination, cancellation expiration or assignment of this Agreement

(b) We may direct that all ~~applicable~~ suppliers immediately stop ~~cease~~ providing you ~~with~~ equipment accessories and other items comprising or to be used to provide Cardio Barre Services and Products

(c) You must ~~are obligated to~~ return at no expense to us, any and all copies of the Confidential Operations Manual and all other Cardio Barre proprietary materials and any other items that were supplied by us for your use without additional charge in connection with the operation of the Franchised Business You must ~~also~~ permanently erase anything relating to us or the Franchised Business from any computers and other media storage devices you retain after expiration cancellation or termination of this Agreement

(d) Upon a lawful termination or nonrenewal of this Agreement we will purchase from you, at the value of price paid minus depreciation, all inventory, supplies equipment fixtures and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by you to us or our approved suppliers and sources that are at the time of the notice of termination or nonrenewal, in your possession or used by you in the Franchised Business We are not required to purchase any personalized items inventory supplies, equipment fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which you, at the cessation of operation of the Franchised Business by you cannot lawfully or does not grant us clear title and possession upon our payment to you for the inventory, supplies equipment fixtures, or furnishings (we have the right to receive clear title to and possession of all items purchased from you under this section 15 2(d)) We may offset against the amounts owed to you under any such purchase under this section 15 2(d) any amounts you owe to us Notwithstanding the foregoing however our requirement to purchase from you under this section 15 2(d) will not apply

(i) if and when you decline a *bona fide* offer of renewal from us

(ii) if we do not prevent you from retaining control of the Outlet or other principal place of the Franchised Business

(iii) to any termination or nonrenewal of a franchise due to a publicly announced and nondiscriminatory decision by us to completely withdraw from all franchise activity within the relevant geographic market area in which the Franchise is located

(iv) if we and you mutually agree in writing to terminate and not renew the Franchise or

(v) to any inventory supplies, equipment fixtures or furnishings that are sold by you between the date of the notice of termination or nonrenewal and the cessation of operation of the Franchised Business by you pursuant to the termination or nonrenewal

XVI GENERAL TERMS AND PROVISIONS

16 1 Notices

(a) All notices that the parties ~~hereto~~ are required or may desire to give under or in connection with this Agreement will be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier for delivery on the next business day and addressed as follows

(i) If to us

CARDIO BARRE FRANCHISE LLC
12530 RIVERSIDE DR
STUDIO CITY CA 91607-3409
Phone No 818-761-6006

(ii) If to you

_____

_____

_____

Phone No

(b) Unless actually delivered in person by an agent of the sending party, notices between you and us will be deemed given the next business day after deposit with a reliable overnight courier properly addressed and marked for delivery on the next business day

(c) Any change in the addresses listed in section 16 1(a) ~~above~~ must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier

16 2 Indemnity

(a) You and your Principal Equity Owners jointly and severally ~~hereby~~ agree to protect defend and indemnify CBF, and all of our past present and future owners affiliates members, officers, managers, directors employees and designees and each of them and hold them harmless from and against any and all costs and expenses including attorneys' fees court costs, losses liabilities, damages claims and demands of every kind or nature on account of any actual or alleged loss, injury, illness or other form of damage to any person or entity or to any property arising out of or in connection with your development maintenance or operation of the Outlet and the Franchised Business, except if ~~to the extent~~ caused solely by our intentional misconduct~~feasance~~ gross negligence or material default of our obligations under this Agreement

(b) We ~~hereby~~ agree to protect defend and indemnify you your Principal Equity Owners, other owners, affiliates, members, officers managers, directors employees and designees and each of them from any liability or damage any of them may incur including reasonable attorneys fees, as a result of third party claims, demands, costs or judgments of any kind or nature arising out of our intentional misconduct~~feasance~~ gross negligence or material breach of our obligations under this Agreement, except if caused in whole or in part by your ~~the~~ intentional misconduct~~feasance~~, your gross negligence or material breach by you (or any Principal Equity Owners or other of your owners, affiliates, officers, directors or employees) of obligations under this Agreement

(c) F~~In order~~ for the indemnification to be effective a ~~each~~ party entitled to indemnification hereunder must give the indemnifying party prompt written notice of the ~~any~~ claim for which the indemnified party demands indemnity (provided that such obligation will not constitute a condition to the indemnifying party s indemnification obligation unless the indemnifying party has been materially harmed by such delay) We will retain the full right and power to direct manage control and settle the litigation of any claim Each indemnified party must submit all of its claims to its insurers in a timely manner Any payments made by an indemnified party will be net of benefits received by any indemnified party on account of insurance in respect of such claims

16 3 Your Relationship to Us as Franchisee

(a) It is ~~expressly~~ agreed that the parties intend by this Agreement to establish between you and us the relationship of franchisee and franchisor It is ~~further~~ agreed that you have no authority to create or assume in our name or on our behalf any obligation, express or implied, or to act or purport to act as agent or representative on our behalf for any purpose ~~whatsoever~~ Neither you nor we are the employer employee, agent, partner fiduciary or co-venturer of or with the other each being independent You agree that you will not hold yourself out as our agent employee partner or co-venturer or the Owner of the Marks All employees or agents hired or engaged by or working for you will be ~~only~~ the employees or agents only of you ~~rs~~ and will be deemed to not for any purpose be ~~deemed~~ employees or agents of ours or the Owner of the Marks, nor subject to our control ~~and in particular,~~ W we will have no authority to exercise control over ~~the~~ hiring or termination of ~~these~~ employees, independent contractors or others who work for you, their compensation, working hours or conditions, or their day-to-day activities ~~except to the extent necessary to protect the Marks~~ You agree to diligently consider customer reviews and respond to indications of dissatisfaction with services rendered by you in a diligent and professional manner and ~~agree~~ to cooperate with representatives of ours or the Owner of the Marks in any investigation undertaken by us of complaints respecting your activities You and we agree to each file our own tax, regulatory and payroll reports with respect to our respective employees or agents and operations saving and indemnifying the other party ~~hereto~~ of and from any liability of any nature ~~whatsoever~~ by virtue thereof

(b) You acknowledge and agree that we may operate and change any aspect of the System and our business in any manner that is not expressly and specifically prohibited to us by this Agreement Whenever this Agreement provides for or is deemed to permit us, or wherever we may have, a right and/or discretion to exercise judgment or to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion and judgment on the basis of our judgment of what is in our best interest, including without limitation our judgment of what is in the best interests of the System for the benefit of us, at the time our decision is made or our right or discretion is exercised, without regard to whether (i) other reasonable alternative decisions or actions, or even arguably preferable alternative decisions or actions, could have been made by us, (ii) our decision or the action taken promotes our or your financial or other interest, (iii) our decision or the action applies differently to you compared to one or more other franchisees or any outlets owned by us or our affiliates, or (iv) our decision or the exercise of our right or discretion is adverse to your interests In the absence of an applicable statute, we will have no liability to you for any such decision or action We and you intend that the exercise of our right or discretion will not be subject to limitation or review If applicable law provides or implies a covenant of good faith and fair dealing in this Agreement, we and you agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement

16 4 No Third Party Beneficiaries

The persons and entities identified or described in Section 16 2 are intended to be third party beneficiaries of this Agreement with the right to enforce Section16 2 for their benefit even though they have not signed this Agreement This Agreement is not intended to benefit any other person or entity except the named parties, ~~hereto~~ and no other person or entity (other than our financing sources to whom we may have granted a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise

16 5 Survival of Covenants

The covenants ~~contained~~ in this Agreement that by their terms envision or require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding ~~said~~ expiration or other termination of this Agreement, until such provisions have been fully performed or until by their nature they have expired ~~for any reason whatsoever~~

16 6 Successors and Assigns

This Agreement is binding ~~upon~~ (i) us and ~~inures to the~~ benefits ~~of~~ our successors and assigns and (ii) you and ~~inures to the~~ benefits ~~of~~ your permitted successors and permitted assigns accordingly, subject to the restrictions on Assignment by You in this Agreement~~contained herein~~

16 7 Joint and Several Liabilities

If the entity that is the franchisee under this Agreement consists of more than one person or entity or a combination thereof the representations, covenants, obligations and liabilities of each such person or entity to us are joint and several

16 8 Titles for Convenience Only

Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms provisions covenants or conditions of this Agreement The provisions of this Agreement will be interpreted and construed according to their fair meanings and not strictly for or against any party

16 9 Gender

All terms used in any one number or gender will extend to mean and include any other number and gender as the facts context or sense of this Agreement or any section may require

16 10 Severability, Partial Invalidity

Nothing ~~contained~~ in this Agreement will be construed as requiring the commission of any act contrary to law Whenever there is any conflict between (i) any provisions of this Agreement or the Confidential Operations Manual and (ii) any present or future statute, law ordinance, regulation or judicial decision contrary to which the parties have no legal right under this Agreement the latter will prevail but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law In the event that any part article, section sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite invalid or otherwise unenforceable the indefinite, invalid or unenforceable provision will be deemed deleted and the remaining parts ~~thereof~~ will continue in full force and effect

16 11 Counterparts

This Agreement may be executed in multiple copies each of which will be deemed to be an original and both of which together will be deemed to be one and the same instrument

16 12 Electronic Execution and Copies

(a) An executed copy of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by facsimile, electrical digital magnetic optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this and the following section as 'electronic), and such delivery will be effective and binding upon such party and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement

(b) You acknowledge and agree that we may create an electronic record of any or all agreements correspondence or other communication between us or involving third parties and those we may thereafter dispose of or destroy the original of any such document or record Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available You agree that notwithstanding any statute regulation or other rule of law to the contrary any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed

16 13 Compliance with U S Anti-Terrorism and Other U S Federal Laws

(a) You and each of the Principal Equity Owners certify that none of you, the Principal Equity Owners employees, or anyone associated with you is listed in the Annex to Executive Order 13224 (available at http //treasury gov/offices/enforcement/ofac/sanctions/terrorism html) You covenant not to hire or have any dealings with a person listed in the Annex You certify that you have no knowledge or information that, if generally known would result in you, the Principal Equity Owners employees or anyone associated with you being listed in the Annex to Executive Order 13224 You and each of the Principal Equity Owners will comply with and assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below) In connection with such compliance you and each of the Principal Equity Owners certify represent and warrant that none of your respective property or interests is subject to being 'blocked" under any of the Anti-Terrorism Laws and that you and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws You ~~specifically~~ acknowledge and agree that your indemnification responsibilities ~~as~~ provided in this Agreement also pertain to your obligations under this section 16 13 Any misrepresentation by you under this section 16 13 or any violation of the Anti-Terrorism Laws by you any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement you have entered into with us or one of our Affiliates "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States the Terrorism Sanctions Regulations (Title 31 Part 595 of the U S Code of Federal Regulations) the Foreign Terrorist

Organizations Sanctions Regulations (Title 31, Part 597 of the U S Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U S Code of Federal Regulations) the USA PATRIOT Act, and all other present and future federal state and local laws ordinances regulations, policies, lists, and any other requirements of any United States governmental authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war

(b) Neither you nor any Principal Equity Owner may conducts any activity or ~~has fail ed~~ to conduct any activity, if such action or inaction constitutes a money laundering crime including any money laundering crime prohibited under any applicable Anti-Terror Legislation

(c) You represent and warrant that n~~N~~either you nor any Principal Equity Owner nor any employee of ~~either of~~ you is named as a Specially Designated National or 'Blocked Person as designated by the U S Department of the Treasury's Office of Foreign Assets Control, and published at www treas gov/offices/enforcement/ofac/sdn/ You acknowledge, represent and warrant ~~-~~that you are not directly or indirectly owned or controlled by the government of any country that is subject to a United States embargo nor do you or any Principal Equity Owner act directly or indirectly on behalf of the government of any country that is subject to a United States embargo You and the Principal Equity Owners agree that you will notify us in writing immediately of the occurrence of any event that renders the foregoing representations and warranties of this section 16 13 incorrect

~~[Your Initials _____ Principal Equity Owners' Initials _____ _____ _____ _____ _____]~~

16 14 Governing Law

The Federal Arbitration Act (9 U S C §1 *et seq*) governs the arbitration of disputes under this Agreement Otherwise, the laws of California govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted

16 15 Entire Agreement

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein Accordingly, the signatories each agree and promise each other that this Agreement, the Confidential Operations Manual and the representations made by us in the Cardio Barre Franchise Disclosure Document (FDD') provided to you, supersede and cancel any prior and/or contemporaneous discussions or writings (whether described as representations inducements promises, agreements, understandings or any other term), by any of the parties or by anyone acting on his her or their behalf with respect to the rights and obligations of the parties to this Agreement or the relationship between them Each signatory to this Agreement agrees and promises the other that they have placed, and will place, no reliance on any such discussions or writings

(b) In accordance with the ~~foregoing~~ section 16 15(a), the parties ~~to this Agreement~~ agree that this Agreement and the Confidential Operations Manual constitute the entire agreement between the parties and contain all of the terms conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties, provided however that nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the FDD provided to you

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties ~~hereto~~

XVII EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon ~~the~~ execution ~~thereof~~ by you and by us ~~and after you have been furnished with an FDD~~ . ~~HOWEVER~~ THIS AGREEMENT IS NOT BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY OUR CEO

XVIII ACKNOWLEDGMENTS AND REPRESENTATIONS

18 1 Acknowledgments and Representations

(a) You and each of your Principal Equity Owners represent and warrant that the following statements in this section 18 1 are true and accurate

(b) You do not seek to obtain the Franchise for speculative ~~or investment~~ purposes and have no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date

(c) You understand and acknowledge the value to the System of uniform and ethical standards of quality appearance and service described in and required by the Confidential Operations Manual and the necessity of operating the Franchised Business under the standards ~~set forth~~ in the Confidential Operations Manual You represent that you have the capabilities professionally, financially and otherwise, and willingness to comply with our standards

(d) If you are an entity you are duly organized and qualified to do business in the state and any other ~~applicable~~ jurisdiction ~~within~~ which the Outlet is located

(e) Your execution of this Agreement will not constitute or violate any other agreement or commitment, order or restriction of law to which you are a party or to which you are subject

(f) Any individual executing this Agreement on your behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of yours and all of your Principal Equity Owners

(g) You and your Principal Equity Owners (i) ~~have~~ carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof, (ii) ~~have~~ conducted an independent investigation of the business contemplated by this Agreement (iii) ~~have~~ obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understand the nature of this Agreement, and (v) intend to comply ~~herewith~~ and be bound hereby You ~~also~~ recognize that the Franchise involves significant risks making results ~~the success~~ of the Outlet largely dependent on your abilities and attention We ~~expressly~~ disclaim the making of, and you agree that you have not received or relied on any representation or warranty from us regarding the likelihood of your success or any particular results at your Outlet or in your operating the Franchised Business

(h) In entering into this Agreement you have not relied on any representation by us or any of our officers managers partners shareholders employees or agents concerning the Franchised Business that is contrary or additional to the terms of this Agreement, the documents incorporated into this Agreement or attached to it, or the FDD that was provided to you

(i) You agree that complete and detailed uniformity among our franchisees under varying conditions may be inadvisable impractical or impossible and you ~~accordingly~~ agree that we, in our sole discretion may modify or vary aspects of the System as to any franchisee or group of franchisees based on for example, local sales potential, demographics competition, business practices or other conditions You ~~further~~ agree that we will have no obligation to disclose or offer the same or similar variances to you You are aware that other Cardio Barre franchisees may operate under different agreements, which may be partly or entirely more favorable to those franchisees than this Agreement is for you, and ~~consequently~~ that our obligations and rights as to those franchisees may differ materially in certain circumstances

(j) You received an FDD, a copy of this Agreement and all related agreements at least 14 calendar days before the signing of this Agreement

(k) You made no payment to us before you signed this Agreement

(l) You and each Principal Equity Owner acknowledge that in operating the System, we may ~~ust~~ take into account the needs of the System as a whole or in part and the need to protect the Marks even if our actions are contrary to your individual interests as a franchisee

(m) You and each Principal Equity Owner acknowledge that the results ~~success~~ of the business venture are matters of future ~~is speculative~~ conjecture and depends in large part on your participation and the manner of your participation in the daily affairs of the Franchised Business

18 2 Additional Information Respecting You and Your Principal Equity Owners

(a) Attached as Exhibit 2 is a schedule that you represent and warrant contains ~~ing~~ complete information respecting your Principal Equity Owners

(b) The address (written notice of any change in this information after the Effective Date must be delivered to us pursuant to section 16 1 ~~hereof~~) where your financial and other records are maintained is either [ ] the same address as provided in section 16 1 ~~hereof~~ or [ ] the following address

_____

_____

~~IN WITNESS WHEREOF,~~ t The parties executed this Agreement as of the Effective Date

YOU

_____

By _____

_____
[PRINTED NAME AND TITLE]

CBF

CARDIO BARRE FRANCHISE LLC

By _____
Richard Giorla CEO

PRINCIPAL EQUITY OWNERS
(Note each Principal Equity Owner is individually obligated hereunder to perform or guarantee the performance by an entity franchisee of all duties and obligations of the franchisee under this Agreement)

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

List of Exhibits to Franchise Agreement

Exhibit 1 – Territory and Location of Outlet

Exhibit 2 – Names and Addresses of Principal Equity Owners

Exhibit 3 – Statement of Franchisee

Exhibit 4 – SBA Addendum for Franchisees

EXHIBIT 1 - TERRITORY AND LOCATION OF OUTLET

The Territory is either [ ] a radius of ____ miles around the Outlet or [ ] the geographical area surrounding the Outlet as depicted in a map attached to this Exhibit 1

The Outlet is located at

_____

_____

_____

(If the address of the Outlet is unknown when this Agreement is signed as soon as the address is determined it will be inserted later into the space above or added by addendum attached to this Exhibit 1)

The Outlet must be open and operating not later than _____

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

List below the names residential addresses and respective percentage equity ownership interests in the franchisee entity of each Principal Equity Owner

1 _____

_____

_____

_____ %

2 _____

_____

_____

_____ %

3 _____

_____

_____

_____ %

4 _____

_____

_____

_____ %

5 _____

_____

_____

_____ %

EXHIBIT 3 - STATEMENT OF FRANCHISEE

Cardio Barre Franchise, LLC and you are entering into a Franchise Agreement under the terms of which you will operate a Cardio Barre outlet The purposes of this Statement of Franchisee are (i) to verify compliance with franchise disclosure legal requirements (ii) to determine whether any statements or promises were made to you that we did not authorize or that may be untrue, inaccurate or misleading (iii) to determine that you were, or had the opportunity to be properly represented in this transaction and (iv) to determine that you understand the nature of the franchise relationship you are entering into *This Statement of Franchisee must be signed and dated on the same day you sign the Franchise Agreement*

A The following dates are true and correct

1 _____ (Date), 20__	_____ (Initials)	The date on which I received a Franchise Disclosure Document about the Cardio Barre franchise
2 _____ (Date) 20__	_____ (Initials)	The date on which I signed the Cardio Barre Franchise Agreement (must be at least 14 days after 1)
3 _____ (Date) 20__	_____ (Initials)	The earliest date on which I sent or delivered cash check or other consideration to a Cardio Barre franchise sales representative (must be at least 14 days after 1)

B *Please carefully review and respond accurately to each of the following questions If you answer "No to any of the questions please explain your answer on the back of the sheet*

1 Have you received and personally reviewed the Cardio Barre Franchise Disclosure Document?

Yes _____ No _____

2 Have you received and personally reviewed the Cardio Barre Franchise Agreement?

Yes _____ No _____

3 Do you understand all the information ~~contained~~ in the Franchise Disclosure Document and Franchise Agreement?

Yes _____ No _____

4 Have you received and personally reviewed the Cardio Barre Franchise Disclosure Document?

Yes _____ No _____

5 Have you reviewed or had adequate opportunity to review the Franchise Disclosure Document and Franchise Agreement with an attorney accountant or other professional advisor?

Yes _____ No _____

6 Have you discussed the benefits and risks of developing and operating a Cardio Barre franchise with an existing Cardio Barre franchisee?

Yes _____ No _____

7 Do you understand the risks of developing and operating a Cardio Barre franchise?

Yes _____ No _____

8 Do you understand the results, success or failure or otherwise, of your franchise will depend in large part ~~upon~~ your skills abilities and efforts and those of ~~the~~ persons you employ as well as many other variable factors ~~be under control,~~ such as weahether competition, interest rates inflation, labor and supply costs, consumer trends, public interest in matters that affect interest in Cardio Barre services and ~~the~~ state of the economy?

Yes _____ No _____

~~9 Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must first be mediated by both parties in good faith in Los Angeles County California and if this mediation is not successful then resolved by arbitration in Los Angeles County California?~~

~~Yes _____ No _____~~

910 Do you acknowledge and understand that the person who will ~~be~~ generally manage ~~ing~~ the franchise business must satisfactorily complete the initial training course we offer before you can open your franchised outlet or before we will consent to a transfer?

Yes _____ No _____

101 Do you acknowledge and agree that no oral, written or visual claim or representation that contradicted or was not disclosed in the Cardio Barre Franchise Disclosure Document was made to youme?

Yes _____ No _____

112 Do you acknowledge and agree no employee or other person speaking on our behalf made any statement or promise or agreement other than those matters addressed in your Franchise Agreement concerning advertising, marketing media support market penetration, training support service or assistance that is contrary to, or different from the information ~~contained~~ in the Cardio Barre Franchise Disclosure Document?

Yes _____ No _____

123 Do you acknowledge and agree no employee or other person speaking on our behalf made any oral written or visual claim or representation that stated or suggested any financial performance sales, income or profit levels to youme or likelihood of ~~my~~ success, *other than any financial performance representations contained in Item 19 of the FDD*?

Yes _____ No _____

134 Do you understand that the Franchise Agreement and its exhibits contain the entire agreement between us and you concerning the Cardio Barre franchise meaning any prior oral or written statements not set out in the Franchise Agreement and its exhibits will not be binding on either of us?

Yes _____ No _____

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM IF ANY OF YOUR ANSWERS IS NOT TRUE, WE MAY HAVE A CLAIM AGAINST YOU. IF WE LEARN LATER THAT ANY ANSWER IS NOT TRUE WE MAY THEN HAVE A CLAIM AGAINST YOU AT THAT TIME. BY SIGNING THIS STATEMENT OF FRANCHISEE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. THIS STATEMENT MUST BE SIGNED BY THE FRANCHISEE AND EACH OF YOUR PRINCIPAL EQUITY OWNERS.

FRANCHISEE

_____

By _____
[PRINTED NAME AND TITLE]

YOUR PRINCIPAL EQUITY OWNERS

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

EXHIBIT 4 - SBA ADDENDUM FOR FRANCHISEES

THIS SBA ADDENDUM FOR FRANCHISEES (Addendum) is made and entered into on _____, 20____, by **Cardio Barre Franchise, LLC**, located at **12530 Riverside Drive, Studio City, California 91607** (Franchisor) and _____, located at _____ (Franchisee)

Recitals Franchisor and Franchisee entered into a Franchise (or License) Agreement on _____ 20__ (Franchise Agreement) The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit #_____ (Unit) Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA) SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing

NOW, THEREFORE, in consideration of the mutual promises below and for good and valuable considerations in hand paid by each of the parties to the others the receipt and sufficiency of which the parties acknowledge, the parties agree as follows

- Franchise Agreement is in full force and effect and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof

- If the franchisor must operate the business under Section 12 6(b) of the Franchise Agreement Franchisor will operate the business for a 90 day renewable term renewable as necessary for up to one year and the Franchisor will periodically discuss the status with the franchisee or its heirs

- Notwithstanding anything to the contrary in Section 8 1(b) of the franchise agreement the franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws such pricing (1) is at or below any maximum price cap programs established by the franchisor for its franchise system or (2) is at or above any minimum price threshold programs established by the franchisor for its franchise system, or (3) conforms to any *bona fide* promotional programs or national or regional accounts programs established from time to time by the franchisor for its franchise system

- The following is added to the end of Section 12 3 of the Franchise Agreement
  However the Franchisor may not exercise a right of first refusal

  (a) If a proposed Transfer is between or among individuals (including members of their immediate families and their respective spouses) who at the time of the proposed Transfer have an ownership interest in the Franchisee or the Franchise and who have guaranteed the Franchisee's obligations under a then outstanding indebtedness which is guaranteed by the United States Small Business Administration ("SBA) (Owner/Guarantors) or

  (b) If a proposed Transfer involves a Person other than an Owner/Guarantor and the proposed Transfer involves a non-controlling ownership interest in the Franchisee or the Franchise unless such non-controlling interest (1) represents less than a 20% ownership interest in the Franchisee or in the Franchise or (2) the Franchisor (in combination with all of Franchisor's franchisees) qualifies as a small business and the exercise of the right does not affect the eligibility of the borrower to qualify for the SBA loan guarantee program

  The Franchisor's right to approve or to disapprove a proposed Transfer or transferee or to exercise its right of first refusal with respect to a Transfer of a controlling interest in Franchisee or the Franchise shall not be affected by any of the foregoing provisions If the Franchisor does not qualify as a small business under SBA regulations, the parties acknowledge and understand that the Franchisor's exercise of its right of first refusal may result in an SBA guaranteed loan becoming immediately due and payable

- Section 12 7 of the franchise agreement which grants the franchisor the right to use its reasonable business judgment, will not pertain to any transfer of the franchisee s business The franchisor's consent in the event of a transfer will not be unreasonably withheld, conditioned or delayed

• This Addendum automatically terminates on the earliest to occur of the following

(i) a Termination occurs under the Franchise Agreement (ii) the Loan is paid in full or (iii) SBA no longer has any interest in the Loan

IN WITNESS WHEREOF the parties ~~hereto~~ have duly signed and executed this Addendum as of the day and year first above written

FRANCHISOR
Cardio Barre Franchise LLC

By _____

Print Name _____

Title _____

FRANCHISEE

By _____

Print Name _____

Title _____

LIST OF FRANCHISE OUTLETS

The following Cardio Barre franchise outlets were open and operating as of ~~July 19~~ October 28, 2016

ARIZONA

Cardio Barre Phoenix
Tamara Hakim
4663 East Cactus Rd #3A09
Phoenix, AZ 85032
Phone (602) 493-2027

CALIFORNIA

~~**Cardio Barre Costa Mesa**~~
~~Charles & Allyson Carrier~~
~~369 E 17th St~~
~~Costa Mesa CA 92627~~
~~Phone (949) 791-8058~~

Cardio Barre Eagle Rock
Eunice Bae
1581 Colorado Blvd
Eagle Rock CA 90041
Phone (323) 256-5555

~~**Cardio Barre Hollywood**~~
~~Denise Cohen~~
~~6464 Sunset Blvd Suite 150~~
~~Hollywood, CA 90028~~
~~Phone (323) 462-6464~~

Cardio Barre Irvine
Audra Renkus
3969 Portola Pkwy
Irvine, CA 92602
Phone (714) 501-9839

Cardio Barre Pleasanton
Nick Wen
5688 Stoneridge Dr
Pleasanton, CA 94588
Phone (925) 621-8610

Cardio Barre Redondo Beach
Gabrielle Santiago
1300 S Pacific Coast Hwy
Redondo Beach CA 90277
Phone (424) 257-8384

Cardio Barre San Francisco
Nick Wen
61 Gough St
San Francisco CA 94102
Phone (415) 659-8540

Cardio Barre Santa Barbara
Alison Trowbridge
3005 State St
Santa Barbara, CA 93105
Phone (805-563-0072

Cardio Barre Santa Clarita
Samantha Haley & Lynda Chalmers
28670 The Old Road
Valencia CA 91355
Phone (661) 320-4898

Cardio Barre Santa Monica
Tamara Augustin, Lauren Faretta
3009 Lincoln Blvd
Santa Monica, CA 90405
Phone (310) 279-2834

Cardio Barre Simi Valley
Melissa Collins
2975 Cochran St Ste B
Simi Valley CA 93065
Phone (805) 522-7346

Cardio Barre Thousand Oaks
Anthony & Lili Surkin
1772 E Avenida de Los Arboles Unit Q
Thousand Oaks CA 91362
Phone (805) 492-1312

Cardio Barre Woodland Hills
Lisa Jabboury
21747 Erwin St Unit A
Woodland Hills, CA 91367
Phone (818) 274-0100

~~**FLORIDA**~~

~~**Cardio Barre Coral Springs**~~
~~Matias & Jessica Pagola~~
~~4677 N University Dr~~
~~Coral Springs FL 33067~~
~~Phone (786) 766-0371~~

~~**NEVADA**~~

~~**Cardio Barre Las Vegas**~~
~~Lisa Martsolf~~
~~4555 S Fort Apache Rd Ste 100-102~~
~~Las Vegas, NV 89147~~
~~Phone (702) 364-2258~~

TENNESSEE

Cardio Barre Germantown
Allison Steward
2075 Exeter Rd , Ste 81
Germantown, TN 38138
Phone (901) 871-0975

Cardio Barre Memphis
Allison Donnie & Penny Steward
2105 Madison St Ste 201
Memphis, TN 38104
Phone (901) 871-0975

Cardio Barre Nashville
James & Kimberly Lewis
4400 Franklin Pike
Nashville, TN 37024
Phone (615) 678-8615
~~Sarah & Bruce Hillyer~~
~~1512 8th Ave S~~
~~Nashville TN 37203~~
~~Phone (615) 730-7676~~

TEXAS

Cardio Barre Dallas
Shannon Moore
2757 E Southlake Blvd
Southlake, TX 76092
Phone (205) 381-5551

The following additional Cardio Barre franchises have been sold, but their outlets were not yet open and operating as of ~~July 19~~ October 28, 2016

~~**ARIZONA**~~

~~**Cardio Barre Phoenix**~~
~~Tamara Hakim~~
~~Phone (310) 279-2834~~

CALIFORNIA

~~**Cardio Barre Santa Barbara**~~
~~Alison Trowbridge~~
~~Phone (805) 206-6831~~

Cardio Barre Ventura
Jamie Lyn Kackert
Phone (805) 630-0871

MISSISSIPPI

Cardio Barre Oxford
Gina Mathews
Phone (662) 801-1427

NORTH CAROLINA

Cardio Barre Charlotte
Lindsey Hovey
Phone (314) 324-3437

LIST OF TERMINATED FRANCHISES

The following Cardio Barre franchise outlet was terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement in 2015

———Cardio Barre Burbank CA
———Christine & Todd Luka
———Phone (818) 636-6133
———(Mutually agreed to cancel franchise agreement)

The following Cardio Barre franchise outlets were terminated, canceled or not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement during the period from January 1, 2016 to ~~July 19~~ October 28, 2016

Cardio Barre Beverly Hills CA
Richard & Lucille Bradley
Phone (424) 777-0032
(lease expired non-renewal)

Cardio Barre Brentwood CA
Lisa Doty
Phone (310) 472-4011
(mutually agreed to cancel franchise agreement)

Cardio Barre Costa Mesa, CA
Charles and Allyson Carrier
Phone (949) 791-8058
(mutually agreed to cancel franchise agreement)

Cardio Barre Downtown Los Angeles CA
Chatammour Henderson
Phone (213) 626-0664
(street closure for Metro construction)

Cardio Barre Hollywood, CA
Denise Cohen
Phone (323) 462-6464
(mutually agreed to cancel franchise agreement)

Cardio Barre Coral Springs, FL
Matias & Jessica Pagola
Phone (786) 766-0371
(unilaterally terminated franchise agreement)

Cardio Barre Las Vegas, NV
Lisa Martsolf
Phone (702) 364-2258
(mutually agreed to cancel franchise agreement)

Cardio Barre Quarry Bend UT
Shantel Reitz Megan Cross
Phone (801) 495-5942
(~~mutually agreed to cancel~~ abandoned franchise ~~agreement~~)

Cardio Barre South Jordan UT
Shantel Reitz
Phone (801) 520-7553
(~~mutually agreed to cancel~~ abandoned franchise ~~agreement~~)

Cardio Barre Nashville, TN
Sarah & Bruce Hillyer
Phone (615) 730-7676
(transferred ownership)

No franchisee has failed to communicate with Cardio Barre Franchise, LLC within the 10 weeks ending on the date of this disclosure document (~~July 19~~ October 28, 2016)

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

RECEIPT

The disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully If Cardio Barre Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale

If Cardio Barre Franchise LLC 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 and state law may have occurred and should be reported to the Federal Trade Commission Washington D C 20580 and the California Department of Business Oversight at any of its offices

We have no franchise brokers The name address and telephone number of the franchise seller for this offering is Max Beaty 12530 Riverside Drive, Studio City California 91607 (818) 761-6006

Date of Issuance February 11 2016, amended ~~July 26~~ October 28 2016

Cardio Barre Franchise, LLC authorizes the person identified in Item 1 to receive service of process for it in your state I received a disclosure document dated ~~July 26~~ October 28, 2016 that included the following Exhibits

"A'	Franchise Agreement
	Exhibits to Franchise Agreement
	Exhibit 1 Territory and Location of Outlet
	Exhibit 2 Names and Addresses of Principal Equity Owners
	Exhibit 3 Statement of Franchisee
	Exhibit 4 SBA Addendum for Franchisees
B'	Financial Statements
C'	List of Franchise Outlets
D	List of Terminated Franchises
E'	State Franchise Administrators and Agents for Service of Process
F'	Appendix for California Franchisees
G'	Receipts

DATED _____
(Do not leave blank)

If a business entity

_____
(Name of Business Entity)

_____
(Signature of Primary Contact Owner)

_____
(Print Name and Title)

If an individual

_____
(Signature of Prospective Franchisee)

_____
(Print Name)

Please date and sign this page, and then keep it for your records

RECEIPT

The disclosure document summarizes certain provisions of the franchise agreement and other information in plain language Read this disclosure document and all agreements carefully If Cardio Barre Franchise, LLC offers you a franchise it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with or make a payment to the franchisor or an affiliate in connection with the proposed franchise sale

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	Exhibit 2 Names and Addresses of Principal Equity Owners
	Exhibit 3 Statement of Franchisee
	Exhibit 4 SBA Addendum for Franchisees
"B'	Financial Statements
"C"	List of Franchise Outlets
D'	List of Terminated Franchises
E	State Franchise Administrators and Agents for Service of Process
F	Appendix for California Franchisees
'G'	Receipts

DATED _____
(Do not leave blank)

If a business entity

_____
(Name of Business Entity)

_____
(Signature of Primary Contact Owner)

_____
(Print Name and Title)

If an individual

_____
(Signature of Prospective Franchisee)

_____
(Print Name)

Please date and sign this page, and then return it to Cardio Barre Franchise, LLC, either by mail to 12530 Riverside Drive, Studio City, California 91607 or by email to admin@cardiobarre com