FRANCHISE DISCLOSURE DOCUMENT

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Department of
Business Oversight

CARDIO BARRE FRANCHISE, LLC
A California Limited Liability Company
12530 Riverside Drive
Studio City, California 91607
Telephone: (818) 761-6006
URL: www.cardiobarre.com
E-mail: admin@cardiobarre.com

Richard Giorla's
CARDIO BARRE

The licensee will offer the Cardio Barre fitness program at a single business location. The total investment necessary to begin operation of a Cardio Barre licensed business is $18,400 to $51,500. This includes $17,500 to $23,000 that must be paid to the franchisor.

This disclosure document summarizes certain provisions of your license 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 (licensor) or an affiliate in connection with the proposed franchise (license) 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 Sheri Weston, 12530 Riverside Drive, Studio City, California 91607; telephone (818) 761-6006.

The terms of your contract will govern your franchise (license) 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: **March 27, 2017** (amended **August 23, 2017).**

CA

CARDIO BARRE FRANCHISE, LLC

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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: Certified Instructor Confidentiality Agreement
"B"	Financial Statements
"C"	List of Franchise Outlets
"D"	List of Terminated Franchises
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ITEM 1: THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document uses "we" or "us" to mean Cardio Barre Franchise, LLC, the franchisor (licensor). "You" means the individual or entity buying the Cardio Barre license and, if an entity acquires the license, all persons who own 20% or more of the licensee entity ("Principal Equity Owners").

The Licensor, Parents and Affiliates

We are the franchisor (licensor) of the Cardio Barre system. Our principal business address is 12530 Riverside Drive, Studio City, California 91607.

We have no parent entity.

Our affiliated entity Cardio Barre, Inc. ("CBI") provides proprietary products and services to Cardio Barre licensees. The principal address of CBI is 12530 Riverside Drive, Studio City, California 91607. CBI does not offer franchises (or licenses similar to the license being offered under this disclosure document) in any line of business.

Other than CBI, we are not controlled by, controlling, or under common control with any other entity that that provides goods or services to our licensees or that offers franchises (or licenses similar to the license being offered under this disclosure document) in any line of business.

Other than CBI, we are not controlled by, controlling, or under common control with any other entity that that provides goods or services to our licensees or that offers franchises (or licenses similar to the license being offered under this disclosure document) in any line of business.

Predecessors

We have no predecessor.

Name Used by the Licensor

We conduct business under the name "Cardio Barre" (the "Brand"). We do not conduct business under any other name.

Agent for Service of Process

Our agent for service of process in California is the Commissioner of Business Oversight, 320 West 4th Street, Suite 750, Los Angeles, California 90013.

Business Organization Used by the Licensor

We are a California limited liability company that was organized on April 6, 2007.

The Licensor's Business

We act solely as a franchisor (licensor) of Cardio Barre licenses. We have been offering Cardio Barre franchises since September 2007. We do not operate businesses of the type being licensed and we do not engage in other business activities.

The Business the Licensee Will Conduct

Our license grants you a right to independently own and operate a specialized studio or a designated space within your existing business premises within which you will operate the Licensed Business ("Outlet"). If you request these, and pay us for them, we will supply you with build out materials (such as weights, mats, barres, stereo systems and related accessories) related to your operating the Licensed Business at your Outlet. We are selling an "Experience and a Lifestyle", providing high energy/no impact exercise classes that combine Cardio Barre work and light weights with continual fat burning motion. Central to the workout are toning and resistance exercises for the buttocks, legs, torso and arms to sculpt muscles and elongate the appearance of your body. When you work at the Cardio Barre you have a sense of center and balance that allows you to concentrate on the muscle group you are working on. The body is worked as both a coordinated whole and in isolated muscle groups, maximizing the body's full potential. We use proprietary Cardio Barre exercise formats, taught by an elite team of fitness professionals. The currently authorized Cardio Barre exercise classes consist of (i) a 60 minute "Cardio Barre class" and (ii) a 50 minute "floor barre sculpt class" (in our sole discretion, we may change the duration and format of these classes, and if we do so we will promptly notify you). We may add additional exercise classes and formats (including related training and instruction in these classes and formats by webinar or digital videodiscs) and other products and merchandise associated with the Cardio Barre trademarks ("Marks"), and if we do so we will make these available to you.

The proprietary Cardio Barre exercise formats and other designated or authorized techniques and formats associated with our Brand, and proprietary goods containing or associated with our Brand (such as towels, shirts, exercise DVDs, etc.) that we, our affiliated entities or approve suppliers may sell to you are collectively referred to as the "Cardio Barre Services and Products".

General Market for Licensed Products and Services

The general market in which you will operate the business primarily involves individuals (primarily females) interested in high cardio – low impact physical fitness programs. The market for Cardio Barre Services and Products are all individuals within a reasonable proximity to the Outlet. This type of business is fully developed, does not involve sale primarily to a certain group and is not seasonal.

Industry Specific Laws or Regulations

You will need a business license, reseller's permit, and possibly other licenses and permits. You will also have to comply with other local laws and rules applicable to the Outlet. Some states require training and certification in CPR cardio pulmonary resuscitation. You should consult with your own advisors and the government agencies in your state for information on

how these laws apply to you and how to structure your arrangements with anyone who assists with your classes, and the impact of such arrangements

Competition

Our licensees compete with national or regional chains of barre class businesses, as well as general fitness centers, health clubs and retail businesses that offer barre programs or other services and products comparable to the Cardio Barre Services and Products.

Prior Experience of Licensor and Predecessors

The Cardio Barre concept was founded and developed by Richard Giorla in 2001. Although we do not own any Cardio Barre outlets or equivalent retail businesses, our affiliate CBI operates a Cardio Barre studio at 12530 Riverside Drive, Studio City, California 91607. CBI does not provide goods or services to Cardio Barre licensees nor does it 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: Sheri Weston
Ms. Weston was named our Director of Administration in June 2017. From June 1997 to June 2017, she served as Manager (responsible for more than 20 apartment buildings) for MRI Property Management and Investments, Woodland Hills, California. Ms. Weston also has a background in visual effects and served as visual effects production manager and producer on more than 100 hours of television programming.

Certification Instructor: Jennifer Miles
Ms. Miles was named our Certification Instructor 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.

Certification Instructor and Head Trainer: Francesco Borgato
Mr. Borgato joined us as a Cardio Barre Instructor in January 2013, and in January 2016, he was named our Certification Instructor and Head Trainer. He also is a professional dancer currently represented by Bloc Los Angeles, a talent agency based in Hollywood, California, performing at concerts and shows throughout Southern California.

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 did not appear at the arbitration hearing which take place on February 24, 2017 and as a result an arbitration award was made in our favor. We are currently taking necessary legal steps to enter a default judgment against them in the Los Angeles Superior Court.

On December 21, 2016, we filed a Demand for Arbitration with JAMS, Inc., in Los Angeles, California, against our franchisee operating two Outlets in Pleasanton, California and San Leandro, California (*Cardio Barre Franchise LLC, a California limited liability company, claimant vs. Nick Wen, an individual, and Cardio Barre Bay Area, LLC, a California limited liability company, respondents*), requesting (i) a declaration from the arbitrator that the Franchise Agreements for the above two outlets are terminated due to multiple breaches of the Franchise Agreements by respondents, (ii) an order from the arbitrator requiring respondents to comply with the post-termination obligations under the Franchise Agreements, (iii) an order permitting an accounting, inspection and audit of respondent sales and revenues and recovery of consequent damages in the amounts due under the Franchise Agreements based on the gross revenues of respondents, together with interest, and (iv) an award of attorney's fees and costs. On February 10, 2017, respondents filed their response to claim asserting 18 affirmative defenses and request the judgment in their favor and attorney's fees and costs of suit. The arbitration is set for hearing on November 13, 2017.

Other than the two cases described above, 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 License Agreement, you become obligated to pay an initial license fee of $45,000 for the initial 3-year term of the License Agreement, payable $15,000 on the effective date of the License Agreement (the "Effective Date"), and then $15,000 on each of the 1st and 2nd anniversary of the Effective Date.

The initial license fee is fully earned by us when you sign the License Agreement and is not refundable.

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
Annual Fee[1]	$15,000	7 days after the end of the initial 3-year term, and then 7 days after the beginning of each succeeding 1-year term [2]	The Annual Fee is only payable for each 1-year term after the end of the initial 3-year term. No royalty or service fees are payable for the license granted to you.

Type of Fee	Amount	Due Date	Remarks
Certification Fee for Cardio Barre Certified Instructors [1]	$2,500[3]	At time of training[2]	Only Cardio Barre Certified Instructors may provide authorize Cardio Barre classes at your Outlet, so you must have at least one Cardio Barre Certified Instructor available at your Outlet. In order to become certified, these instructors must attend a training course and pay a Certification Fee of $2,500. You are responsible for the transportation and lodging expenses of your Cardio Barre Certified Instructors who attend training.
Transfer Fee[1]	$7,500[3]	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 licensee training to the assignee. There is no transfer fee if the license is transferred to an entity (corporation or limited liability company) owned solely by you. No fee is due if the license 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).
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. This fee may be adjusted by changes since the effective date of the License 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.

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 license fee[1]	$15,000	Lump sum; non-refundable	When you sign the License Agreement.	Us
Training fee for Cardio Barre Certified Instructor[1,2]	$2,500 to $5,000	Lump sum; non-refundable	At training	Us

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Travel and living expenses of Cardio Barre Certified Instructors while training[2]	$250 to $5,000	As incurred	During training	Travel and Lodging Vendors
Lease, utility and security deposits[3]	0 to $5,000	As incurred	Before opening	Landlord and utilities
Equipment, fixtures, other fixed assets[4]	0 to $3,000	Lump sum	Before opening	CBI or other approved suppliers
Signage[5]	$150 to $500	Lump sum	Before opening	Approved supplier
Insurance[6]	0 to $1,500	Lump sum	Before opening	Insurance company
Professional fees and miscellaneous opening costs[7]	$500 to $1,500	As incurred	Immediately before, during and just after opening	Attorneys and other professionals, suppliers
Additional funds – 1st 3 months[8]	0 to $15,000	As incurred	After opening	Employees, landlord, other vendors
TOTAL[9]	**$18,400 to $51,500**			

NOTES:

(1) This fee must be paid in full at the time indicated. In order to be eligible to sign the License Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet.

(2) At least one of your principal equity owners or other employees must attend and complete a one week Cardio Barre Certified Instructor training program. If you want to send a second person, we will also provide training to them. The training fee is $2,500 per attendee. The travel and living expenses itemized in the table above represent the estimated travel and lodging costs for your attendees at these training programs. These costs may vary depending on the costs of airfare and lodging.

(3) The licensed Outlet is typically located in a designated area within your existing fitness business location, but we may consider allowing your licensed Outlet to be established in a separate business location. We must review and consent to the location of your Outlet, but we will not unreasonably withhold consent. If you are setting up a separate business location for your Outlet, you will need to rent a suitable retail site and the rent or lease deposit amount will vary depending on the location. For a separate business location, you will need approximately 1,000 to 1,600 square feet. A security deposit and first month's rent are standard requirements to enter into a commercial lease.

(4) We will provide you with details of equipment and supplies necessary for you to offer Cardio Barre classes at your Outlet. If you do not already have mirrors, maps, weights and ballet barre equipment suitable for you to conduct Cardio Barre classes at your Outlet, you may obtain these from our affiliated company or other approved suppliers. You are not expected to conduct other build out or leasehold improvements in order to operate the licensed business. You may only provide Cardio Barre Services and Products and related fitness classes at or adjacent to your Outlet.

(5) We authorize you to display the Brand in interior signage on a window at your Outlet and in promotional materials prepared to advertise and promote the licensed business at your Outlet. Unless

we specifically agree otherwise, you may not place our Brand on an exterior sign affixed to the building in which your Outlet is located.

(6) As an independently owned and operated licensee, you are responsible for all costs or liabilities arising from the operation of your Outlet, and it is imperative you carry adequate insurance to protect yourself. A typical licensee would already have in place (i) worker's compensation insurance, including employer's liability, with limits as required by law to meet the statutory coverage of the state where your Outlet is located, and (ii) comprehensive general liability insurance coverage for operations at the business location, but you must ensure that the insurance will also cover liabilities arising from the licensed business. The general liability insurance policy must name us as an additional insured.

(7) This includes professional legal fees to review the terms of the license agreement, other items of merchandise and supplies you must stock in order to be able to provide Cardio Barre Products and Services to retail customers, and other prepaid expenses.

(8) Although we do not require minimum funds for you to start your business, if the Outlet is not located in an existing fitness location, there are some expenses you may incur when you begin your licensed operations, such as supplies and employees. If you are operating the Outlet in your existing fitness location, we do not anticipate you will have a need for cash reserves. But, it is always a good idea to have some cash reserves available to cover operating expenses. This estimates the additional funds you will need for your first 3 months of operation. These figures are estimates and we cannot guarantee that you will not have additional expenses during your first 3 months of operation. We relied on the 16 years of experience of our CEO in determining these figures. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period.

(9) This estimates your initial start up expenses. These figures are estimates based on our experiences with open Outlets, the costs of which may vary widely depending on location. We cannot guarantee that you will not have additional expenses starting the business. If you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise the payments listed in the table above are nonrefundable. We do not finance any part of the initial investment. We relied on the 16 years of experience of our CEO in determining these figures. You should review these figures carefully with a business advisor before making any decision to purchase the license.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases of Goods or Services, including Computer and Point of Sale System

You are not required to purchase or lease a specified point-of-sale ("POS") system or other computer system in order to operate the licensed business at your Outlet.

You may only use a "Cardio Barre Certified Instructor" to provide authorized Cardio Barre exercise classes to your retail customers. A Cardio Barre Certified Instructor is an individual with at least 3 years of classical ballet training who you designate as a provider of authorized Cardio Barre exercise classes and who has successfully completed our Initial Training or is otherwise certified by us as a qualified Cardio Barre Certified Instructor.

You must purchase items bearing the Brand only from sources we designate or approve. You must purchase signs and other items containing our trademarks or service marks that are an

integral part of the Cardio Barre system only from a vendor that we designate. Also, you must use in the development and operation of your Outlet those fixtures, items of equipment, including flooring, ballet barres, mirrors, audio-visual equipment, display cases, storefront, supplies and signs that we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must place or display in the interior of your Outlet only such signs, emblems, lettering, logos, and display materials that we approve in writing. You are not authorized to place any sign containing our Brand on the exterior of the premises where your Outlet is located. All equipment leases will be between you and the lessor. Under no circumstances can you sign any lease as if you were us or on our behalf.

Licensor or its Affiliates Acting as Approved Suppliers

We do not sell or lease any goods, services, supplies or equipment related to establishing operating the licensed business. However, you may purchase Cardio Barre fitness apparel, towels with our logo, proprietary books, proprietary DVDs and proprietary music CDs only from CBI (which will charge you its cost plus a wholesale mark-up of up to 15%) or a vendor or supplier that we designate or approve. Upon request, we will provide you with a written list of these proprietary or selected items and approved manufacturers or producers. We will also notify you of any additions to or deletions from this list.

Our officers own an interest in CBI. Otherwise, there are no suppliers in which any of our officers owns an interest.

Approved Suppliers and Approval of Alternative Suppliers

We only designate or approve suppliers who demonstrate to our satisfaction the ability to meet our standards and specifications, who possess adequate quality control and capacity to supply your needs promptly and reliably, and who have been approved by us in the Manual or otherwise in writing. Designation of a supplier may be conditioned on factors established by us, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may designate a single or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers.

The current list of approved products and suppliers is found in the Manual. We may make changes to these lists or other parts of the Manual, which we will provide to you. If you desire to purchase products other than those provided by approved suppliers, you must submit to us a written request for approval of the proposed supplier together with such evidence of conformity with our specifications and program specifications as we may reasonably require. We will have the right to require that our representative be permitted to inspect the supplier's facility and that samples from the supplier be delivered for evaluation and testing, either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable costs of evaluation and testing must be paid by you. Our criteria for supplier approvals are contained in the Manual. Within 60 days after our receipt of the completed request or completion of the evaluation and testing (if required by us), we will notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld. You must not sell or offer for sale any products or services from a proposed supplier until you receive our written approval of the proposed supplier.

We may revoke our approval of particular products or suppliers if we determine in our sole discretion that the products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease purchasing or selling any disapproved product.

We may also consider the impact of an additional supplier (and consequent reductions in supplier volume and increase in distribution expense) on the overall supply chain being utilized by the system.

Issuance of Specifications and Standards

We issue specifications and standards regarding authorized Cardio Barre products and services to our licensees through the Manual and other communications in writing or by email. We also issue specifications and standards regarding authorized Cardio Barre products and services to our designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing our licensees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee and Licensee Purchases

Purchases from us, designated vendors and approved suppliers in establishing your Outlet will range from 47% to 95% of your total initial investment, and in operating your Outlet will range from 0 to 5% of your total monthly expenses.

In 2016, our affiliate CBI received revenues of $9,224 (representing 2% of its 2016 gross revenues of $540,842) from required purchases and leases of products and services by Cardio Barre franchisees and licensees, including proprietary Cardio Barre Services and Products.

Cooperatives

We are not presently involved in any purchasing or distribution cooperatives.

Negotiated Purchase Arrangements

We have no negotiated purchase agreements with suppliers for the benefit of Cardio Barre licensees, although we may do so in the future.

Material Benefits Based on Licensee 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 as licensee under the license 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 license agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1	6,11
b.	Pre-opening purchases/leases	7.2	8
c.	Site development and other pre-opening requirements	7.1, 7.2	6, 7, 11
d.	Initial and ongoing training	6.1-6.3	11
e.	Opening	7.1, 7.2	11
f.	Fees	4.1-4.5, 6.1(d), 11.2	5, 6
g.	Compliance with standards and policies/ operating manual	8.1-8.3	11
h.	Trademarks and proprietary information	8.5, 9.1-9.5	13,14
i.	Restrictions on products/services offered	3.2, 8.1, 8.9	16
j.	Warranty and customer service requirements	8.1	11
k.	Territorial development and sales quotas	Not applicable	Not applicable
l.	Ongoing product/service purchases	7.2	8
m.	Maintenance, appearance and remodeling requirements	Not applicable	Not applicable
n.	Insurance	8.7	6, 8
o.	Advertising	7.3, 8.5, 8.9	6,11
p.	Indemnification	15.2	6
q.	Owner's participation/management/staffing	3.5, 6.1, 6.2, 8.1, 11.5	11,15
r.	Records and reports	Not applicable	Not applicable
s.	Inspections and audits	Not applicable	Not applicable
t.	Transfer	11.1-11.6	17
u.	Renewal	4.2, 5.2	17
v.	Post-termination obligations	10.2, 14.1, 14.2	17
w.	Non-competition covenants	10.1-10.3	17
x.	Dispute resolution	13.1-13.4	17
y.	Compliance with anti-terrorism and other federal laws	15.13	Not applicable

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you open your business, we will:

(1) Provide you with initial training and orientation in the Cardio Barre system and how to operate a Cardio Barre business at your Outlet (see section 6.1 of the License Agreement and the Training Program described below in this Item 11). You must have at least one of your Principal Equity Owners or employees successfully complete Cardio Barre Certified Instructor training to our satisfaction before you can open your Outlet.

(2) Designate your protected territory which will be either the business premises within which the Outlet is located, or (if you are operating from a separate business location) a defined area around your Outlet (see section 3.1 and Exhibit 1 of the License Agreement).

(3) Provide you with a prototype layout for your Outlet and details of equipment and supplies necessary for you to offer Cardio Barre classes at your Outlet (see section 7.1(b) of the License Agreement). We do not provide assistance in your selection of a site for your Outlet, but we must review and consent to its location (see section 7.1(a) of the License Agreement).

(4) Provide you with a copy of the Manual (see section 8.2 of the License Agreement).

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the License Agreement (when you make your first payment to us for the license) and the opening of your Outlet will be from 2 weeks (if you are operating the Outlet within your existing business location) to 5 months. Factors that may affect this time period include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, financing arrangements, compliance with zoning and local ordinances, weather conditions, and delivery and installation of equipment and supplies.

Our Obligations during the Operation of the Licensed Business

During the operation of the licensed business, we will:

(1) Be reasonably available by phone and by e-mail for guidance in the operation and management of your Outlet (see section 6.2 of the License Agreement).

(2) Provide you with access to, and integrate information about your Outlet into, the Cardio Barre website (see section 6.2(a) of the License Agreement).

(3) Provide you with the assistance of two Cardio Barre Certified Instructors trained by us (see section 6.2(a) of the License Agreement).

Advertising Program for the License System

We do not require new licensees joining the Cardio Barre system to pay us the Marketing and Promotion Fee required under our prior form of Franchise Agreement.

We will continue to market and promote the Brand and we intend to use digital media (Internet), social media (Facebook, Twitter, *etc.*), and targeted print media in our marketing and advertising efforts. And in the future, we may use local radio and television advertising. We may be using in-house advertising personnel to do this and we may hire advertising and public relations firms to assist us in these efforts and we may hire advertising and public relations firms to assist us in these efforts. We are not required to engage in any marketing and promotion of the Brand in your territory or in or near your Outlet, although we may do so.

We may provide you with access to general advertising programs and sales promotion, campaign and sample advertising materials. You may develop advertising materials for your

own use, at your own cost. But we must approve all advertising materials in which our Brand is used, in advance and in writing. You grant us a the right to use the name, image and likeness of you, your Principal Equity Owners, your Cardio Barre Certified Instructors and any other affected employees of yours, for commercial purposes in connection with the marketing and promotion of the Marks, Cardio Barre Services and Products, any Cardio Barre Outlet and the Cardio Barre system. (See section 9.1(d) of the License Agreement.)

We no longer have a franchisee or licensee advisory council advising us on advertising policies. However, we may request input on advertising informally from our licensees.

We are not presently involved in any advertising cooperatives. However, we reserve the right to create advertising cooperatives in the future. If we do so, retail Cardio Barre outlets owned by us or affiliated with us will contribute to the cooperative on the same basis as Cardio Barre licensees. We have the right to require cooperatives to change, dissolve or merge.

We do not require you to spend any specified amount on a grand opening advertising and promotion event in connection with the opening of your Outlet, but we do encourage you to do sometime during the first 30 days after your Outlet opens. Any local advertising and promotion of your Outlet in which you use the Brand must be done in compliance with the guidelines contained in the Manual.

We will determine, in the exercise of our reasonable judgment, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns relating to our Brand.

In 2016, we collected $47,650 in Marketing and Promotion Fees from Cardio Barre franchisees, and spent $31,953 on the advertising and promotion of the Cardio Barre brand and retail businesses, as follows: 60% on the production of advertisements and other promotional materials, and 40% for media placement. We will no longer be collecting Marketing and Promotion Fees from new Cardio Barre licensees.

None of the Marketing and Promotion Fees we received in 2016 was used primarily for the solicitation for new franchise or license sales.

Electronic Cash Registers and Computer Requirements

You are not required to purchase or lease any POS system or computer system.

Operations Manual

We will provide you with our Manual, which contains a total of 180 pages (see section 8.2 of the License Agreement). The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We expect to modify the Manual, and you must comply with any changes when you receive them. The Manual is confidential and remains our property. If you lose portions you have printed or allow unauthorized access to or duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, in addition to other damages we may be

entitled to, you may be required to pay us the sum of $5,000 (this amount may be adjusted by changes in the Consumer Price Index since the effective date of the License Agreement) within 30 days after our demand for payment, and you will be deemed to be in violation of the License Agreement and all other agreements you have with us (see section 8.2(c) of the License Agreement).

The following is the Table of Contents of the Manual as of the date of this disclosure document:

Topic	Number of Pages
The Introduction	7
The Company – An Overview	11
Our License	25
Our Trademark	5
The Facility	10
The Service Profile and Building the Client Base	6
Cardio Barre Operations	8
Our Employees	27
Safety and Security	18
The Business Side of the License	18
Licensee Preparation	45
Total Pages	**180**

Currently, we have no policy under which we will render services to you not required by your License Agreement (or other agreements with us) or the Manual.

TRAINING PROGRAM FOR LICENSEE OWNER-OPERATORS

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Day 1 Introduction to Cardio Barre Introduction to Licensing Marketing Cardio Barre Introduction to Operating Your Studio	8	0	Studio City, California
Day 2 Observe Studio in Operation Q & A about Studio Operations Review Operations Manual Final Questions and Answers Closing Comments of the CEO	7	1	Studio City, California

TRAINING PROGRAM FOR CARDIO BARRE CERTIFIED INSTRUCTORS

As soon as practicable before you begin operations, we will provide at least one of designated trainees a one-week Cardio Barre Certified Instructor instruction and training program in health and fitness, Cardio Barre procedures, and the conduct of Cardio Barre classes. You must pay all travel and living expenses of all persons you send to training programs.

As soon as practicable after you sign the License Agreement, you must successfully complete our 2-day initial operations training program which takes place at our operating Cardio Barre studio in Studio City, California. Before you open the licensed business, all of your Cardio Barre Certified Instructors (including instructors that you later hire) must successfully complete our 1 week Cardio Barre Certified Instructors training program, which takes place at our studio in Studio City, California or another training center we designate, and a mandatory home-study program. All on-the-job training takes place at our studio in Studio City, California. You and your Cardio Barre Certified Instructors will receive no compensation or reimbursement for services or expenses for participation in orientation and training.

Initial training is typically as soon as practicable before your Outlet opens and is scheduled as necessary. Instructional materials include the Manual, a training outline and handouts.

Currently, our principal instructor is Francesco Borgato, who has been with us for 18 months, and who has 3 years experience in the subject matters he teaches. The principal instructor is assisted by other instructors with a minimum of 4 years of classical ballet experience, our operations staff and other Cardio Barre employees.

We do not charge for the initial training of your Principal Equity Owners. But you must pay us a "Certification Fee" of $2,500 for each of your Cardio Barre Certified Instructors attending Cardio Barre Certified Instructor training. You are also solely responsible for all travel and living expenses of persons you send to training.

The successful completion of initial orientation by at least one of your Principal Equity Owners and Cardio Barre Certified Instructor initial training by at least one of your designated Cardio Barre Certified Instructors is a condition to your opening of an Outlet to the public, and must be fulfilled within 180 days after you sign the License Agreement. The failure of you and your designated Cardio Barre Certified Instructors to successfully complete the training may result in the termination of your License Agreement.

Additional instruction and training will be available to you and your Cardio Barre Certified Instructors online at our website. We may provide you with other proprietary information and related materials for use in training your staff. These materials are our sole property and must be returned to us when you are finished with them. Otherwise, at this time, no additional training programs or refresher courses are required.

ITEM 12: TERRITORY

Each License is granted only for one specific Outlet at a site we consent to, which will be listed in Exhibit 1 of the License Agreement. You will receive a protected territory ("Territory") within a

defined area surrounding your Outlet (based on geographical area, marketing potential and our overall development strategy) as determined by us and as specified in Exhibit 1 to your License Agreement. The size of the Territory is either the entire retail premises in which your Outlet is located (if the Outlet shares space with another retail business), or a defined geographical area (if the Outlet is a standalone business location), and this will be defined by a geographical territory around the Outlet. By "protected territory" we mean that so long as you continue to fulfill your material obligations under your License Agreement (as reasonably determined by us), we will not grant a Cardio Barre license to any other person nor will we or any of our affiliated entities operate an Outlet within your Territory. You will not receive an exclusive territory. You may face competition from other licensees, from outlets that we or our affiliated entities own, from other channels of distribution or from other competitive brands that we control.

You may relocate your Outlet with our written consent, which will not be unreasonably withheld. Not less than 90 days before the desired date of relocation (unless prior notice is impractical because of a required relocation in which event your notice must be given as soon as possible), you must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location. Within 20 business days after we receive your request, we will either approve or disapprove in writing such closure or relocation in the exercise of our reasonable judgment. If we disapprove of a proposed relocation, you may request an alternative proposed new location.

We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems. We reserve all rights to market and sell Cardio Barre Services and Products under our Marks or different trademarks at venues other than Outlets and through other channels of distribution (including the Internet), within your Territory and anywhere else. We are not required to pay you compensation for soliciting or accepting orders in your Territory at venues other than Outlets or through other channels of distribution.

Although you are not restricted from selling Cardio Barre Services and Products to customers residing outside your Territory, except when advertising cooperatively with other Outlet, you are restricted from advertising outside your Territory without our prior written consent. You may not engage in any mail order solicitations, catalog sales, telemarketing or television solicitation programs, or use any other advertising media outside of your territory without our prior written approval. However, we understand that many forms of advertising (such as radio and print ads in publications) may reach into the territories of other Cardio Barre licensees. So long as this is incidental and not a specifically directed marketing or advertising effort by you, we will not restrict you from doing this type of advertising.

During the term of the License Agreement, you may either use the Cardio Barre website as specifically authorized by us in the License Agreement, the Manual or otherwise in writing, or (subject to our review and approval) your own website or social media site, to register new customers and market your Outlet. Otherwise, you may not 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. We will also provide a dedicated page on the Cardio Barre website advertising the location of your Outlet. You may also advertise on any website or social media site of yours that Cardio Barre classes are being

offered at your Outlet, provided that the use and display of our Brand and any description of the Cardio Barre Services and Products is in compliance with our Manual. Any alternative distribution methods and programs you would like to use to engage in the Licensed Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to our prior written approval of, which approval will be granted or withheld in our sole judgment. We will maintain the "Uniform Resource Locator" (or "URL") and you may never own any Internet domain name that contains any of the Marks.

We have not established and do not intend to establish company-owned retail outlets selling Cardio Barre Services and Products in your Territory. Although we have no current plans to do so, we and our affiliated companies reserve the right to offer and sell other types of licenses that are not directly competitive with the Cardio Barre license.

The continuation of your rights to operate your Outlet in your Territory does not depend on you attaining a minimum level of sales, revenues or market penetration, or other contingency. You will maintain rights to your Territory defined by a geographical area even if the population in that geographic area increases.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Outlet under the principal trademark "Cardio Barre" and logotype displayed on the cover of this disclosure document, and other current or future trademarks. The principal trademark "Cardio Barre" was registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"), on October 23, 2007, registration number 3316545. The principal trademark "Richard Giorla's Cardio Barre" (plus design) was registered on the Principal Register of the USPTO on May 6, 2008, registration number 3421426.

There are presently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending interference, opposition or cancellation proceedings involving our Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of trademarks listed in this Item in a manner material to the license. There is no pending material federal or state court litigation regarding our use of or ownership rights in the Marks. All required affidavits have been filed.

All Marks are owned by our affiliated company CBI, which granted us a royalty-free trademark license (the "Trademark License") and exclusive right to use and license the principal trademark and associated trade names, trademarks, service marks, logotypes and other commercial symbols and copyrights and proprietary materials in the United States by and to operators of Outlet. The Trademark License does not contain any significant limitations on our right to use or license the trademarks to you, and will continue for a term of 25 years, with the right to renew the Trademark License for additional consecutive periods of 25 years. If the Trademark License were to be terminated, we would have the right to change the name under which we and our licensees operate and continue to operate and license the existing Outlet under a different name. Except as described above, no agreements limit our rights to use or license the use of the Marks.

You must follow our rules when you use the Marks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of any unauthorized product or service, or in any manner we have not authorized in writing.

We have the right to control any administrative proceedings or litigation involving a trademark we licensed to you. You must notify us promptly when you learn about an alleged infringement, unfair competition, unauthorized third party use of or challenge to your use of the Marks. We then will promptly take the action we think appropriate. We will indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition or similar claims about the Marks. But we have no obligation to defend or indemnify you if the claim against you relates your use of the Marks in violation of the License Agreement.

If you learn that any third-party whom you believe is not authorized to use the Marks is using them or any variant of them, you must promptly notify us. We or CBI will determine whether or not to take any action against the third party. You will have no right to make any demand or to prosecute any claim against an alleged infringe for the infringement of our Marks.

You must modify or discontinue the use of a Mark if we or CBI modifies or discontinues it. You must not directly or indirectly contest our rights to the Marks, trade secrets or business techniques that are part of our business.

There are no infringing uses or superior previous rights known to us that can materially affect your use of the Marks in this state or any other state in which the licensed business is to be located.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

Our affiliate CBI has registered the following copyrights with the Copyright Office of the Library of Congress:

Description of Work Copyrighted	Registration Number	Date of Registration
Video of exercise routines	PA-1-228-184	June 24, 2003
Additional footage and new cover artwork in the exercise video	PA-1-213-672	August 17, 2004

There is no presently effective determination of the Copyright Office, or of any court, regarding these copyrights. CBI currently intends to renew its copyright registrations when they expire.

We also claim a copyright in the Manual although we have not filed for copyright registration.

You must notify us immediately when you learn about a challenge to your use of the Cardio Barre copyrighted materials. We will defend you against claims of infringement if you are using the copyrighted material in accordance with the License Agreement and Manual. You must assist CBI in protecting any of its rights, but at our expense.

If you learn about a third party's use of these copyrighted materials which you believe to be unauthorized, you must notify us immediately. CBI will decide whether or not to take action against the third party, and you must assist CBI, but at our expense, if we do so.

If we decide to add, modify or discontinue the use of anything covered by a copyright, you must also do so at your expense.

We do not know of any infringing uses that could materially affect your use of our copyrighted materials.

You do not receive the right to use any item covered by a patent.

Our intellectual property, whether the subject of a patent, copyright or not, also is protected by common law principles which limit the use of our confidential proprietary information, except as we have licensed it. We will enforce those rights as it determines.

Our Proprietary Rights in Other Confidential Information

You may never reveal any of our confidential proprietary information to another person or use it for another person or business. You may not copy any of our confidential proprietary information or disclose it to a third party except as we authorize. You must also promptly tell us when you learn about unauthorized use of any of our confidential proprietary information. We are not obligated to take any action but will respond to your notification of unauthorized use as we think appropriate.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We are seeking licensees whose Principal Equity Owner will actively participate in the direct management and operation of the Outlet, as owner-operator. You must successfully complete our initial training program. You cannot have an interest or business relationship with any of our business competitors. You must devote a reasonable amount of your time during normal business hours to the management, operation and development of the Licensed Business.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell at your Outlet only Cardio Barre Services and Products and other goods and services that we designate as required for all licensees or have approved. You must comply with our policies and procedures regarding gift cards, subscriptions and memberships as set forth in the Manual.

We have the right to change and add other goods and services that you will be authorized to offer to retail customers.

There are no restrictions on the customers to whom you may sell Cardio Barre Services and Products and related products at your Outlet.

ITEM 17: RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE LICENSE RELATIONSHIP

This table lists certain important provisions of the franchise (license) and related agreements. You should read these provisions in the agreements attached to this disclosure document.

	Provision	Section in license agreement	Summary
a.	Length of the license term	5.1	The initial term of the License Agreement is 3 years from the effective date of the License Agreement.
b.	Renewal or extension of the term	5.2	You can add additional 1 year terms upon written notice delivered to us not less than 120 days before the end of the existing term. However, we are not obligated to renew your License if one or more of the conditions in section 5.2(c) of the License Agreement apply to you.
c.	Requirements for licensee to renew or extend	5.2	Sign addendum to existing License Agreement extending its term and pay Annual Fee.
d.	Termination by licensee	12.1	If we are in material breach, you can terminate your License Agreement.
e.	Termination by licensor without cause	Not applicable	Not applicable.
f.	Termination by licensor with cause	12.1	We can terminate only if you are in material default of your License Agreement.
g.	"Cause" defined – curable defaults	12.3	You have 60 days after notice to cure monetary defaults and other defaults that can be cured.
h.	"Cause" defined – non-curable defaults	12.2	Non-curable defaults: your bankruptcy or insolvency; abandonment of the Licensed Business; you engage in conduct that reflects materially and unfavorably upon the operation or reputation of Cardio Barre or our licensed system; you make material misrepresentations relating to your acquisition of the License or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Licensed Business or the System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the License; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you repeatedly fail to comply with one or more material requirements of the License Agreement, whether or not corrected after notice; the Licensed Business or your Outlet is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; or you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the License; we make a reasonable determination that your continued operation of the License will result in an imminent danger to public health or safety.

	Provision	Section in license agreement	Summary
i.	Licensee's obligations on termination or non-renewal	14.1	Obligations include removal of our Brand and other Marks, return of all proprietary information and erasure of all copies of proprietary information and payment of amounts due (also see r, below).
j.	Assignment of contract by licensor	11.1	No restriction on our right to assign. (However, no assignment will be made except to an assignee that in good faith and judgment of the licensor is willing and financially able to assume our obligations as licensor under the License Agreement.)
k.	"Transfer" by licensee – defined	11.2	Includes transfer of contract or assets or ownership change.
l.	Licensor's approval of transfer by licensee	11.2	We have the right to approve all transfers (including transfers of (i) more than 50% of the equity or (ii) controlling interest in a licensee entity), but we will not unreasonably withhold approval.
m.	Conditions for licensor approval of transfer	11.2	New licensee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, and current agreement signed by new licensee (see r. below). Within 60 days after our receipt of all necessary information and documentation required under the License Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the License by you This notice will be in writing and delivered to you by business courier.
n.	Licensor's right of first refusal to acquire licensee's business	Not applicable	We have no right to acquire your business by matching any offer made by a third party to purchase your business.
o.	Licensor's option to purchase licensee's business	14.2(d)	Upon a lawful termination or nonrenewal of the License 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 License 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 Licensed 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 licensee	11.5	License must be assigned by estate to approved buyer within 270 days.
q.	Non-competition covenants during the term of the license	10.1, 10.3	No involvement in competing business anywhere.
r.	Non-competition covenants after the license is terminated or expires	10.2, 10.3	No competing business for 1 year within your Territory (this obligation also applies to you if you assign your).
s.	Modification of the agreement	8.2, 15.15	No modifications generally, but Manual subject to change.

	Provision	Section in license agreement	Summary
t.	Integration/merger clause	15.15	Only the terms of the License Agreement are binding (subject to state and federal law). Any representations or promises outside of the disclosure document and License Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	13.1-13.4	The parties agree in the License Agreement to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the License 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. If this meeting does not resolve the dispute, it will be resolved by arbitration before ADR Services, Inc. (or if the parties mutually agree, the dispute may be submitted to arbitration conducted by another mutually agreeable arbitration organization). No mediation of disputes is required.
v.	Choice of forum	13.1(b), 13.2	Arbitration proceedings will take place in Los Angeles County, California. Litigation proceedings will be filed in an appropriate court in California.
w.	Choice of law	15.14	The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under the License Agreement. Otherwise, the laws of California govern the License Agreement.

ITEM 18: PUBLIC FIGURES

We do not currently pay or provide any other benefit to a public figure for the right to use his or her name to promote the sale of Cardio Barre licenses.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor (licensor) to provide information about the actual or potential financial performance of its franchised (licensed) and/or franchisor-owned (licensor-owned) outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor (licensor) provides the actual records of an existing outlet you are considering buying; or (2) a franchisor (licensor) supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representation about a franchisee's (or licensee's) future financial performance or the past financial performance of company-owned or franchised (or licensed) outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the

franchisor's (licensor's) management by contacting our President, Richard Giorla, Cardio Barre Franchise, LLC, 12530 Riverside Drive, Studio City, California 91607, telephone: (818) 761-6006; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2014 TO 2016

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2014	13	15	+2
	2015	15	20	+5
	2016	20	15	-5
Affiliate-Owned	2014	2	1	-1
	2015	1	1	0
	2016	1	1	0
Total Outlets	**2014**	**15**	**16**	**+1**
	2015	**16**	**21**	**+5**
	2016	**21**	**16**	**-5**

Table No. 2
TRANSFERS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2014 TO 2016

State	Year	Number of Transfers
California	2014	1
	2015	0
	2016	0
Utah	2014	0
	2015	0
	2016	1
Total	**2014**	**1**
	2015	**0**
	2016	**1**

Table No. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2014 TO 2016

State	Year	Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
California	2014	11	1	0	0	0	0	12
	2015	12	3	1	0	0	0	14
	2016	14	2	1	0	0	5	10
Florida	2014	0	0	0	0	0	0	0
	2015	0	1	0	0	0	0	1
	2016	1	0	1	0	0	0	0
Nevada	2014	0	0	0	0	0	0	0
	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	1	0

State	Year	Outlets at Start of Year	New Outlets	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
Tennessee	2016	2	1	0	0	0	0	3
	2014	0	1	0	0	0	0	1
	2015	1	0	0	0	0	0	1
Texas	2016	1	0	0	0	0	0	1
	2014	1	0	0	0	0	0	1
	2015	1	1	0	0	0	0	2
Utah	2016	2	0	2	0	0	0	0
	2014	**13**	**2**	**0**	**0**	**0**	**0**	**15**
	2015	**15**	**6**	**1**	**0**	**0**	**0**	**20**
Totals	**2016**	**20**	**5**	**4**	**0**	**0**	**6**	**15**

Table No. 4

STATUS OF AFFILIATE-OWNED OUTLETS FOR YEARS 2014 TO 2016

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2014	2	0	0	1	0	1
	2015	1	0	0	0	0	1
California	2016	1	0	0	0	0	1
	2014	**2**	**0**	**0**	**1**	**0**	**1**
	2015	**1**	**0**	**0**	**0**	**0**	**1**
TOTALS	**2016**	**1**	**0**	**0**	**0**	**0**	**1**

Table No. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2016

State	License Agreements Signed but Outlet Not Opened	Projected New Licensed Outlets in the Next Fiscal Year	Projected Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	0
California	0	4	0
Florida	0	1	0
Nevada	0	1	0
Texas	0	1	0
Utah	0	1	0
Total	**0**	**9**	**0**

Exhibit C lists the names, addresses and telephone numbers of all Cardio Barre franchised and licensed outlets as of August 23, 2017.

Exhibit D lists the contact information of every franchisee and licensee 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 (August 23, 2017). If you buy this license, your contact information may be disclosed to other buyers when you leave the license system.

In some instances, current and former franchisees and licensees sign provisions restricting their ability to speak openly about their experience with Outlet. You may wish to speak with current and former franchisees and licensees, but be aware that not all such franchisees and licensees 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 or licensees that included confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee or licensee organizations associated with the Cardio Barre license 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, 2016, December 31, 2015 and December 31, 2014.

ITEM 22: CONTRACTS

Exhibit A - License 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®

LICENSE AGREEMENT

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LICENSE AGREEMENT

This License 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 "we" or "us"), and _____ ("you"), 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 ("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 licensees.

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

We are willing to grant you a "License" (as defined in section 3.1), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

Cardio Barre Services and Products. The term "Cardio Barre Services and Products" means proprietary Cardio Barre exercise formats and other designated or authorized techniques and formats associated with our Marks, and proprietary goods containing or associated with our Marks (such as towels, shirts, exercise DVDs, etc.) that we or our affiliates entities sell to you. The authorized Cardio Barre exercise classes currently consist of (i) the 60 minute "Cardio Barre class" and (ii) a 50 minute "floor barre sculpt class" (in our sole discretion, we may change the duration and format of these classes, and if we do so we will promptly notify you). We may add additional exercise classes and formats (including related training and instruction in these classes and formats by webinar or digital videodiscs) and other products and merchandise associated with the Marks, and if we do so we will make these available to you.

Cardio Barre Certified Instructor. The term "Cardio Barre Certified Instructor" means an individual with at least three years of classical ballet training who has been designated by you as a provider of basic and adapted Cardio Barre exercise techniques to retail customers and who successfully completed Initial Training or is otherwise certified by us as a qualified Cardio Barre Certified Instructor.

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 relating to (i) the use and display of our Marks, and (ii) the basic Cardio Barre exercise class format, including all amendments and supplements provided to you from time to time.

Consumer Price Index. The term "Consumer Price Index" 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 if these figures become unavailable, another index we select).

Host Business. The term "Host Business" means the business premises where the "Outlet" (as defined in this Article I) will be located.

Licensed Business. The term "Licensed Business" means providing high cardio – low impact exercise programs provided by Cardio Barre Certified Instructors to retail customers using ballet movements, barres and light weights based on the authorized Cardio Barre exercise class formats, and other Cardio Barre Services and Products at an Outlet located within the "Territory" (as defined in this Article I).

Initial Training. The term "Initial Training" means a seven day training program concerning the System and Cardio Barre Services and Products, as described in section 6.1.

Marks. The term "Marks" means the proprietary marks 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 Licensed Business.

Opening Date. The term "Opening Date" means the day you open your Outlet and you begin operating the Licensed Business at your Outlet.

Outlet. The term "Outlet" means a specialized studio or a designated space within the Host Business premises within which you will operate the Licensed Business pursuant to this Agreement under the Marks. If you request these, and pay us for them, we will supply you with build out materials (such as weights, mats, barres, stereo systems and related accessories) related to your operating the Licensed Business at your Outlet.

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 conducting the Licensed 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 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 to make 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 Host Business premises as set forth in Exhibit 1.

II. THE LICENSED BUSINESS

2.1 Our Business.
We license businesses that operate Outlets offering the Licensed Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with us and our affiliated companies. Our activities in general, and our System (including proprietary products and services; Marks and logos; and marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and their 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 License System.
As a result of our long and substantial investment of time, skill, effort and money, we developed and continue to develop the System, under the Marks. The Owner of the Marks has authorized us to license the Marks to Cardio Barre licensees.

III. GRANT OF LICENSE

3.1 Grant of License .

(a) We grant to you, and you accept, a license ("License ") to participate in and use the System by conducting the Licensed Business at your Outlet within your Territory as described in Exhibit 1, in accordance with this Agreement and the Confidential Operations Manual, from the time of commencement of the Licensed Business until the end of the term and any extension of the 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 outside the Territory.

(c) With respect to any advertising involving the Marks, we reserve the sole right to determine the 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.

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 LICENSED 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 LICENSE AGREEMENT. NO OTHER RIGHTS ARE TO BE IMPLIED. ALL RIGHTS THAT ARE NOT EXPRESSLY GRANTED TO YOU BELONG EXCLUSIVELY TO AND ARE RETAINED BY US, 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 located in your Territory to operate an Outlet offering the Licensed Business, nor will we or any of our affiliated entities operate a Cardio Barre outlet in your Territory.

3.3 Extent of Grant.

(a) You understand and agree that you are licensed only for the operation of your Licensed 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 Licensed Business or to use the System granted pursuant to this Agreement.

3.4 Electronic Execution and Copies.

(a) An executed copy of this Agreement (or any portion of this Agreement) may be delivered 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 on such party, and will not diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) You acknowledge and agree that we may (i) create an electronic record of any or all agreements, correspondence or other communication between us or involving third parties, and (ii) thereafter dispose of or destroy the original of any such document or record. 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.

3.5 Obligations of Entity Licensee .

As a condition to entering into the Licensed 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 LICENSE AGREEMENT DATED _____, 20 __ BETWEEN THIS ENTITY AND CARDIO BARRE FRANCHISE, LLC. REFERENCE IS MADE TO SUCH LICENSE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE FORMATIONAL AND GOVERNING DOCUMENTS OF THIS ENTITY. 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 License Fee.

(a) The "Initial License Fee" is $45,000 for the initial three-year term of this Agreement, payable in three installments.

(b) The first installment of the Initial License Fee ($15,000) is due and payable in full, by cashier's check or money order or wire transfer to our bank account, on the Effective Date (when you sign this Agreement). The second and third installments ($15,000 each) of the Initial License Fee are due and payable, respectively, on the second and third anniversary of the Effective Date. **The Initial License Fee is fully earned by us when paid and not refundable.**

4.2 Annual Fee.

(a) If you qualify for and elect to extend the term of this Agreement pursuant to section 5.2 below after the initial three-year term expires, you must pay us an "Annual Fee" of $15,000 for each additional one-year term.

(b) The Annual Fee is due and payable in full, by cashier's check or money order or wire transfer to our bank account, not later than seven days prior to the end of the existing term. **The Annual Fee is fully earned by us when paid and not refundable.**

(c) The Annual License Fee may be adjusted by us based on changes in the Consumer Price Index since the Effective Date.

4.3 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 by you to us must be made without setoff, deduction, defense, counterclaim or claim in recoupment.

4.4 Late Fee; Interest on Delinquent Payments.

(a) If the second or third installment of the Annual License Fee for the obligatory three-year term is not received by us when due, said installment will be delinquent and will be subject to a late payment charge of 5% of the amount past due, which must be paid immediately to us on demand.

(b) All delinquent amounts will bear interest at an annual percentage rate ("APR") of 10%, and you must reimburse us immediately on demand for all reasonable costs of collection relating to delinquent amounts.

4.5 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, 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 ADDITIONAL TERMS

5.1 Initial Term.
The "Initial Term" of this Agreement (applicable solely to the Licensed Business licensed hereunder) starts on the Effective Date and expires on the third anniversary of the Effective Date, unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Additional Terms.

(a) Upon written notice delivered to us not less than 120 days before the end of the Initial Term hereof, you may renew your License for additional one-year terms starting on the expiration date of the previous term (the respective anniversary of the Effective Date), subject to the provisions of sections 5.2(b) through 5.2(f).

(b) At the time of renewal, you must (i) not have abandoned the Licensed Business, and (ii) not be operating your Outlet in a manner endangering public health or safety or materially harming the Cardio Barre brand or reputation.

(c) Notwithstanding section 5.2(a), 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 License (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 Licensed Business to a purchaser meeting our then-current requirements for granting new Licenses .

(iii) Termination of this Agreement would be permitted pursuant to sections 13.1 or 13.2.

(iv) You and we agree not to renew the License.

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

(d) 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), has 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.

(e) In order to renew your License rights under this Agreement, you must sign an addendum to this Agreement extending its term for an additional one year term. And you may be required to sign a mutual release in favor of us and our owners, directors, officers, managers and employees.

(f) 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.

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is of paramount importance that you, your Cardio Barre Certified Instructors, the Principal Equity Owners, and your other key employees and representatives understand the Licensed Business and the System, that your Principal Equity Owners and Cardio Barre Certified Instructors have been trained how to operate the Licensed Business, and that your Cardio Barre Certified Instructors have been trained how to provide proprietary Cardio Barre exercise techniques to retail customers. We will provide to at least one Principal Equity Owner, and at least one Cardio Barre Certified Instructors Initial Training in the System, proprietary Cardio Barre exercise techniques and how to operate the Licensed Business. Your required trainees must attend the next Initial Training that we offer. Your required trainees must complete Initial Training within 90 days after you sign this Agreement and you may not open and operate your Licensed Business until at least one Principal Equity Owner and at least one Cardio Barre Certified Instructor have satisfactorily completed Initial Training. You acknowledge and agree that we will solely determine whether or not your Principal Equity Owner and your Cardio Barre Certified Instructors satisfactorily complete Initial Training.

(b) The failure of your Principal Equity Owner, and Cardio Barre Certified Instructors to complete Initial Training to our satisfaction, will be grounds for termination of this Agreement; provided, however, that any Principal Equity Owner or Cardio Barre Certified 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 solely determine the contents and manner of conducting Initial Training program; however, the Initial Training course will provide training in all aspects of the Cardio Barre basic classes (including the complete exercise program and the floor barre sculpt class) as well as other practical training in the implementation and operation of the Licensed Business and may include such topics as Cardio Barre standards, marketing and customer service techniques, and motivational tips. All Cardio Barre Certified Instructors must complete, sign and deliver to us the Certified Instructor Confidentiality Agreement attached as Exhibit 4 to this Agreement.

(d) There is no separate fee payable to us for the Initial Training program provided to your Principal Equity Owners. However, you must pay us a "Certification Fee" of $2,500 for each of your Cardio Barre Certified Instructors attending 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 Licensed Business.

6.2 Training and Assistance after Opening.

(a) After you open your Licensed Business, and so long as you are in compliance with this Agreement, we will provide you with (i) two of our Cardio Barre Certified Instructors to assist in your operations and (ii) access to the Cardio Barre website, which will include access to operational and marketing videos.

(b) After you open your Licensed Business, we will provide reasonable levels of telephone and e-mail assistance at your request or as we deem necessary to instruct in aspects we deem appropriate of the operation of the Licensed Business. We will be available during business hours at our national headquarters for consultation and guidance with respect to the operation and management of the Licensed Business.

(c) In addition to access to video content on our website and updates to the Confidential Operations Manual, we may provide you with additional materials relating to the Licensed Business. We may from time to time make available to you for purchase other materials relevant to the System and the Licensed Business.

6.3 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 LICENSED BUSINESS

7.1 Your Outlet.

(a) The Licensed Business may be operated only from your Outlet. The Outlet may be a separate business location or a designated area within a Host Business location. We must review and consent to the location of your Outlet, but we will not unreasonably withhold consent. If your Outlet is not 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 other than at your Outlet or outside your Territory without our prior written consent.

(b) At Initial Training, we will provide you with details of equipment and supplies necessary for you to offer Cardio Barre classes at your Outlet. You may adapt or modify the prototype layout we provide you as you reasonably see fit, provided that the basic layout you use when offering Cardio Barre classes at your Outlet must allow such classes to be properly provided to retail customers. You may only provide Cardio Barre Services and Products and related fitness classes at or adjacent to your Outlet.

(c) You have sole responsibility for locating, making the decision to select, and obtaining suitable premises for your Outlet.

(d) Upon prior notice and during normal business hours, we have the right to continually inspect your Outlet and any other site where you conduct the Licensed Business.

7.2 Inventory.
You must buy Cardio Barre proprietary equipment, supplies, and accessories only from vendors we designate or approve in writing. You must buy interior signs, other materials containing the Marks, and apparel containing the Marks only from suppliers we approve in writing.

7.3 Marketing and Advertising Boundaries.
You may not 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 Cardio Barre licensee 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 Licensed Outlets as market conditions or type of media warrant in our judgment. The marketing and advertising boundaries may exceed the Territory provided herein, in the exercise of our judgment.

VIII. OPERATION OF LICENSED BUSINESS

8.1 Operational Requirements.

(a) Your Principal Equity Owners must ensure that you fulfill your obligations to your customers in a timely and professional manner and at least one of your Principal Equity Owners must devote sufficient time and active participation in providing the Licensed Business at your Outlet.

(b) You must operate the Licensed Business only at your Outlet, only in strict accordance with the procedures in the Confidential Operations Manual or otherwise provided to you by us in writing. You must provide only Cardio Barre Services and Products, only to customers who in your reasonable judgment are capable of receiving or using them. You must 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.

(c) No advertising or display of our Marks may be done by you except as specifically authorized in the Confidential Operations Manual or as we otherwise authorized in writing. 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 promotion campaigns. Unless we specifically agree otherwise, you may not place a copy of our Marks on an exterior sign affixed to the building in which your Outlet is located. We will authorize you to display the Marks in interior signage at or near your Outlet and in promotional materials prepared to advertise and promote the Licensed Business at your Outlet.

(d) Prior to beginning operations of the Licensed Business, you must secure in your name as the owner of an independent business any required licenses, permits and certificates relating to your operation of the Licensed 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.

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

(f) You must notify us in writing within 10 days after you receive 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 government authority that pertains to the Licensed Business or that may adversely affect your operations in the Territory or our Marks or System.

(g) 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 Licensed 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(g).

(h) You may not provide any barre fitness programs other than Cardio Barre Services and Products, or co-brand with any other fitness concept at the Outlet or in connection with the Licensed Business, except with our prior written consent, which we will not unreasonably withhold.

8.2 Confidential Operations Manual.

(a) You must operate the Licensed Business in accordance with the Confidential Operations Manual.. A copy of the Confidential Operations Manual will be provided at Initial Training or afterward. 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. All 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 additions, deletions or modifications to the Confidential Operations Manual equally applicable to all similarly situated Cardio Barre licensees 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. If there is any discrepancy or dispute about contents of a version of the Confidential Operations Manual, 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 will be deemed to be in violation of this Agreement and all other agreements you have with us 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 Licensed Business. You must 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 maintenance of (i) the highest standards of uniformity and quality when Cardio Barre Services and Products are provided at your Outlet, and (ii) similar appearance and prominent display of the Marks at your Outlet. Therefore, you agree to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement, and Confidential Operations Manual as it may be revised from time to time, and as we may direct in writing. You agree that you must not display the Marks except in the manner we authorize. When providing Cardio Barre fitness programs, you may play only music or other audio media that we authorize in the Confidential Operations Manual or otherwise in writing.

8.4 Relocation of Your Outlet.

(a) We will not unreasonably withhold consent to any relocation of your Outlet, provided that (i) the new location will not violate the territorial rights of another of our licensees and (ii) 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 8.4.

8.5 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 suppliers of signs and display materials containing the Marks in accordance with Confidential Operations Manual guidelines.

(b) Subject to applicable ordinances, regulations and statutes, you agree to erect and maintain, at the Outlet, at your expense, window decals or any other minimum signage recommended by us. Any signage containing the Marks will be designed by a vendor we designate and manufactured by a vendor we designate or approve in writing.

8.6 Telephone Numbers.

At your 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.

8.7 Insurance.

(a) You must have in effect on the Opening Date and maintain at all times comprehensive general liability insurance and other insurance relating to the Host Business. 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, 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 policies of insurance and deliver to us certificates evidencing that the insurance are in full force and effect within 30 days after the Opening Date and each anniversary of the Opening Date. The insurance certificate must contain a statement that the certificate cannot be canceled without 30 days prior written notice to you and to us.

8.8 Compliance with Laws.

You must (i) operate the Licensed Business in compliance with all applicable laws, rules and regulations of all government 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 on you or on 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 Licensed Business in the locality in 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.

8.9 Web Site and Internet Marketing.

(a) During the term of this Agreement, you may either 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, or (subject to our review and approval) your own website or social media site, to register new customers and market your Outlet. Otherwise, you may not 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) We will also provide a dedicated page on the Cardio Barre website advertising the location of your Outlet. You may also advertise on any website or social media site of yours that Cardio Barre classes are being offered at your Outlet, provided that the use and display of our Marks and any description of the Cardio Barre Services and Products is in compliance with our Confidential Operations Manual.

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

(d) We may, at our option, establish and maintain an "Intranet" through which Cardio Barre licensees 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 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.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) We grant you the right while you are in compliance with this Agreement, during its term, to use and display the Marks in accordance with the provisions in this Agreement and in the Confidential Operations Manual, only in connection with you operation of the Licensed 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 Licensed 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 Licensed Business. **You may 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 your employees and agents 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 Licensed 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 we 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 Licensed 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 licensed use thereof or otherwise. It is expressly understood and agreed that ownership and title of the 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 License, and after the repurchase, expiration or termination of the License, 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 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 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 their 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 privilege and license during the term of this Agreement to display and use them 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 us, 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 irrevocably assign to us all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. 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 government agency or entity. On termination of this Agreement for any reason whatsoever, we may immediately apply to cancel your status as a registered or permitted user and you consent to the cancellation and agree to join in any cancellation petition. You will bear the expense of any cancellation petition.

9.2 Restrictions on Use of Our Marks.

(a) You 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 licensees or franchisees.

(b) If the licensee 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 our confidential trade secrets and are revealed in confidence, and you agree to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. We 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 Licensed 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 of our proprietary information and our trade secrets; that such information is being imparted to you only by reason of your special status as a licensee 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 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 Licensed Business during the term of this Agreement. You acknowledge that the use or duplication of our trade secrets except as expressly permitted by this Agreement constitutes an unfair method of competition that will cause us irreparable injury.

(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 Licensed 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.

We may add to, substitute or modify any or all of the Marks from time to time, by directive in the Confidential Operations Manual. You must accept, use, display, or cease using the Marks, 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 other than us, the Owner of the Marks or any of our affiliates on account of alleged infringement, unfair competition or similar matter arising from your use of the Marks in accordance with the terms of this Agreement, or

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 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 judgment in a 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 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. NON-COMPETITION COVENANTS

10.1 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, promotion 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 Licensed Business, without our express prior written consent.

(b) It is the intention of both you and us that you maximize the Licensed Business at your Outlet. Any action of yours that diverts business to another entity or diminishes the Licensed Business being conducted at your Outlet 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 Licensed 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.

10.2 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 Licensed Business within your Territory, 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 our Marks and any of our proprietary information.

10.3 General Provisions Regarding Non-Competition Covenants.

(a) You acknowledge the restrictions in this Article X are reasonable and necessary to protect our legitimate interests, and in the event of violation of any of these restrictions, we are entitled to recover damages and any and all other rights or remedies to which we are entitled at law or in equity.

(b) This Article X applies to your Principal Equity Owners, and each of your other managers, directors, officers, general partners and affiliates.

(c) Each provision of this Article X is independent of each other provision of this Agreement. If any provision of this Article X 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 15.14, 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 X.

XI. ASSIGNMENT

11.1 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. We will be relieved of all assigned obligations or liabilities after the effective date of the assignment.

11.2 Assignment by You.

(a) This Agreement is entered into in reliance on 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 License granted hereunder 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. 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 assignment, in respect of each of which you must comply with this section 11.2.

(b) Prior to any Assignment by You, you must notify us of your intent to sell, transfer or assign the License. The notice shall be in writing, delivered to us in accordance with section 15.1 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; and

(ii) The proposed transferee's application to us for approval to become the successor licensee. The application must include all forms, financial disclosures and related information generally utilized by us when interviewing prospective new licensees. You are responsible to request, in accordance with Section 16.1, that we deliver the forms to you with the request being made in sufficient time to allow for delivery and for preparation and submission of the completed forms to us. As soon as practicable after 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 approval of new or renewing licensees are not readily available to you when you notify us of your intent to sell, transfer, or assign the License, we will communicate the standards to you within 15 calendar days after receiving your request made in accordance with Section 15.1.

(c) Within 60 days after receipt of all the information and documentation required pursuant to section 11.2(b), 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 in accordance with section 15.1. If the proposed sale, assignment or transfer is disapproved, we will include in the notice of disapproval a statement setting forth reasons for 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 Assignment by You:

(i) The assignee of yours ("Your Assignee") must complete our application for a License, and you and Your Assignee must fully disclose in writing all of the terms and conditions of the proposed Assignment;

(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 License Agreement being used by us for the remainder of the term of this Agreement or, in the exercise of our judgment, for the initial term of the then current form of License Agreement (in the exercise of our 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 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 License Agreement, and Your Assignee must agree to pay for all of their 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;

(vii) Not later than 10 days before the transfer, you must pay us a non-refundable "Transfer Fee" of $7,500 (we may increase the Transfer Fee based on increases in the Consumer Price Index since the Effective Date); and

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

(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 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) Upon our consent to any Assignment by You, you must, together with us, execute a mutual release.

11.3 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 Licensed Business or an equity interest in your licensed entity to such person's spouse or adult child provided that adequate provision is made for the management of the Licensed Business and the transferor remains a party to this Agreement. No Transfer under this section 11.3 will be subject to payment of the Transfer Fee set forth in section 11.2(b)(vii). However, you must comply with section 11.2(b)(i) through (vii) and 11.2(b)(ix), as well as provide full disclosure of the terms of 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.

11.4 Transfers to Affiliated Entities.
You or a Principal Equity Owner may without our consent, upon 30 days prior written notice to us, Transfer the Licensed Business or an equity interest in your Licensed entity to an entity that is (i) organized for the purpose of operating the Licensed 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 Licensed Business. No Transfer under this section 11.4 will be subject to payment of the Transfer Fee set forth in section 11.2(b)(vii). However, you must comply with section 11.2(b)(i) through (vii) and 11.2(b)(ix), as well as provide full disclosure of the terms of 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.

11.5 Transfers upon the Death or Incapacity of an Individual Licensee or Majority Equity Owner.

(a) 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 an entity (corporation or limited liability company), the transfer of your or the deceased Majority Equity Owner's interest in this Agreement to 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 in the Licensed Business will be responsible for the Outlet) nor obligate you to pay the Transfer Fee set forth in section 11.2(b)(vii), although such Transfer Fee 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 Licensee 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 Licensed Business.

11.6 Consent to Transfers.
Except as otherwise provided in this Agreement, you or a Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Licensed Business or the economic benefits derived therefrom, or any equity interest in your Licensed entity, 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 11.6. 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 Licensed 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 Licensed 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 Licensed Business, the System or us or any of our affiliates.

XII. DEFAULT AND TERMINATION

12.1 General.

(a) This Agreement may be terminated by us only for good cause, which means your failure to comply with a lawful requirement imposed by this Agreement after being given notice 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 12.1(a) does not apply when there are grounds for immediate termination without notice pursuant to section 12.2 and provided further that if applicable law specifies a longer period of notice, then we 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 an unauthorized action or omission seriously impairing or adversely affecting you or the relationship between you and us created by this Agreement. However, if we become insolvent or declare 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 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.

12.2 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 License 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 License by failing to operate the business for five consecutive days during which you are required to operate the business under the terms of the License, or any shorter period after which it is reasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate the Licensed Business, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond your control;

(iii) We and you agree in writing to terminate the License;

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

(vi) After curing any failure in accordance with section 12.3, 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 License, whether or not corrected after notice;

(viii) The Licensed Business or business premises where the Outlet is located 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 Licensed Business, and it is not discharged within five days of such levy;

(ix) You are convicted of a felony or other criminal misconduct (including intentional conversion of cash proceeds received from your customers but not reported to us as Gross Revenues) which is relevant to the operation of the Licensed Business; or

(x) We make a reasonable determination that your continued operation of the Licensed Business 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 period to "cure." However the termination will not take effect for 10 days to enable the parties to consider whether other alternatives may be possible.

12.3 Termination After Notice.

(a) Except as provided in section 12.2, we may terminate this Agreement only for good cause (as defined in section 12.1(a)) after giving you prior written notice setting forth the breach of this Agreement and giving you 30 days in which to cure the default. Upon receipt of a notice of default, you must immediately commence diligently to cure the breach, and if you cure the 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 breach, on condition that you must, on receipt of the notice from us, immediately commence to cure the 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 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.

12.4 Description of Default.
The description of any default in any notice served by us 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.

12.5 Statutory Limitations.
In the event any valid, applicable law or regulation of a competent government authority having jurisdiction over this Agreement or the parties limits our rights of termination 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 requirements of such laws and regulations with regard to the required longer notice period shall apply. The length of time shall be extended only to the extent necessary to bring it within the requirements of the law or regulation.

12.6 Extended Cure Period.
In circumstances under which we have the right to terminate this Agreement, we also have the right, to be exercised in our 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.

12.7 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 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 or a waiver by us of our right at any time thereafter to require exact and strict compliance with the provisions thereof.

12.8 Collection Costs.
We are entitled to reimbursement from you on 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.

12.9 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.

XIII. DISPUTE RESOLUTION

13.1 Arbitration.

(a) Any dispute, claim or controversy arising out of or relating to this Agreement, including any claim that this Agreement or any part of it is invalid, illegal or otherwise voidable or void (collectively "Dispute") between us (and/or our affiliated entities) and you (and/or your affiliated entities) will be resolved through binding arbitration by ADR Services, Inc. ("ADRS"), 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 13.1.

(b) Arbitration proceedings will be conducted in Los Angeles County, California, or other county where our headquarters is then located, or if we so elect, at the ADRS 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. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. 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) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER LICENSEES, OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, YOU ACKNOWLEDGE YOU ARE AGREEING TO WAIVE ANY SUBSTANTIVE OR PROCEDURAL RIGHTS THAT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS. ACCORDINGLY, YOU EXPRESSLY AGREE TO WAIVE ANY RIGHT YOU MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

(e) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY.

(f) 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.

(g) The provisions of this section 13.1 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 13.1 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: _____ _____ _____ _____ _____]

13.2 Injunctive Relief.
Any party has the right in a situation where there is an imminent threat of harm to the rights or property of a party, and damages would not be adequate relief, or other grounds justifying provisional relief, to seek a temporary restraining order and temporary or preliminary injunctive relief from a federal or state court in California, without the necessity of first complying with section 13.1 above or posting any bond, and if bond is nevertheless required by the court, 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 13.1 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 13.1 above will in no event abate or otherwise affect the ability of party to seek injunctive relief on account of this section 13.2. You acknowledge that you are one of a number of licensees 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.

13.3 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 13.3 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.

13.4 Survival.
The terms of this Article XIII survive termination, expiration or cancellation of this Agreement.

XIV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

14.1 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 the use or display of the Marks in any and every manner, 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. 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 licensee. You must comply with section 14.2 respecting the return to us of 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, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Licensed Business.

(b) If there is a termination, cancellation or expiration as described in section 14.1(a), you must comply with section 10.2 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 Cardio Barre;

(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 Cardio Barre;

(iii) Permanently stop all advertising that states or implies that you are associated or affiliated with Cardio Barre or the System; and

(iv) If you engage in any business thereafter, you must use only trade names, service marks and 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.

(c) If you fail or omit to make or cause to be made any removal or change described in section 14.1(b)(i) through 14.1(b)(v), then we will have the right within 15 days after written notice to enter your Outlet or other premises from which the Licensed Business is being conducted, with such entry being deemed to be with your permission and consent, and thus without being 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 on demand; and you 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.

14.2 Our Rights as Licensor.

(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 suppliers immediately stop providing you proprietary equipment, accessories and other items comprising or to be used to provide Cardio Barre Services and Products.

(c) You must 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 Licensed Business. You must permanently erase anything relating to us or the Licensed 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 Licensed 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 Licensed Business in accordance with this Agreement or any ancillary or collateral agreement or to which you, at the cessation of operation of the Licensed 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 14.2(d)). We may offset against the amounts owed to you under any such purchase under this section 14.2(d) any amounts you owe to us. Notwithstanding the foregoing however, our requirement to purchase from you under this section 14.2(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 Licensed Business;

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

(iv) if we and you mutually agree in writing to terminate and not renew the License; 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 Licensed Business by you, pursuant to the termination or nonrenewal.

XV. GENERAL TERMS AND PROVISIONS

15.1 Notices.

(a) All notices that the parties 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 15.1(a) must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier.

(d) Any notices sent to you which include a statement of intent to terminate or not renew the Franchise must provide (i) the reasons why and (ii) the effective date of such termination or nonrenewal or expiration.

15.2 Indemnity.

(a) You and your Principal Equity Owners, jointly and severally, 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 Licensed Business, except if caused solely by our intentional misconduct, gross negligence or material default of our obligations under this Agreement.

(b) We 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, gross negligence or material breach of our obligations under this Agreement, except if caused in whole or in part by your intentional misconduct, 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) For the indemnification to be effective, a party entitled to indemnification hereunder must give the indemnifying party prompt written notice of the 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.

15.3 Your Relationship to Us as Licensee.

(a) It is agreed that the parties intend by this Agreement to establish between you and us the relationship of licensee and licensor. It is 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. 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 the employees or agents only of you and will be deemed to not for any purpose be employees or agents of ours or the Owner of the Marks, nor subject to our control. We will have no authority to exercise control over hiring or termination of employees, independent contractors, or others who work for you, their compensation, working hours or conditions, or their day-to-day activities. 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 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 of and from any liability of any nature 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 Cardio Barre licensees 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.

15.4 No Third Party Beneficiaries.
The persons and entities identified or described in Section 15.2 are intended to be third party beneficiaries of this Agreement with the right to enforce Section 15.2 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, 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.

15.5 Survival of Covenants.
The covenants 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 expiration or other termination of this Agreement, until such provisions have been fully performed or until by their nature they have expired.

15.6 Successors and Assigns.
This Agreement is binding on (i) us and benefits our successors and assigns and (ii) you and benefits your permitted successors and permitted assigns, accordingly, subject to the restrictions on Assignment by You in this Agreement.

15.7 Joint and Several Liabilities.
If the entity that is the Cardio Barre licensee 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.

15.8 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.

15.9 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.

15.10 Severability; Partial Invalidity.
Nothing 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 will continue in full force and effect.

15.11 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.

15.12 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.

15.13 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 acknowledge and agree that your indemnification responsibilities provided in this Agreement also pertain to your obligations under this section 15.13. Any misrepresentation by you under this section 15.13 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 government 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 conduct any activity, or fail 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 neither you nor any Principal Equity Owner nor any employee 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 15.13 incorrect.

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

15.14 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.

15.15 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 section 15.15(a), the parties 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 Licensed 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.

XVI. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective only upon execution by you and by us. THIS AGREEMENT IS NOT BINDING ON US UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY OUR CEO.

XVII. 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 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 Licensed Business under the standards in the Confidential Operations Manual. You represent that you have the capabilities, professionally, financially and otherwise, and willingness to comply with our standards.

(c) If you are an entity, you are duly organized and qualified to do business in the state and any other jurisdiction in which the Outlet is located.

(d) 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.

(e) 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.

(f) You and your Principal Equity Owners (i) carefully read this Agreement and all other related documents to be executed by you concurrently or in conjunction with the execution hereof, (ii) conducted an independent investigation of the business contemplated by this Agreement, (iii) 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 and be bound hereby. You recognize that the License involves significant risks, making results of the Outlet largely dependent on your abilities and attention. We 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 Licensed Business.

(g) 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 Licensed 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.

(h) You received an FDD, a copy of this Agreement and all related agreements at least 15 calendar days before the signing of this Agreement.

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

(j) You and each Principal Equity Owner acknowledge that in operating the System, we may 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 licensee.

(k) You and each Principal Equity Owner acknowledge that the results of the business venture are matters of future conjecture and depend in large part on your participation and the manner of your participation in the daily affairs of the Licensed Business.

17.2 Additional Information Respecting You and Your Principal Equity Owners.

(a) Attached as Exhibit 2 is a schedule that you represent and warrant contains 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 15.1) where your financial and other records are maintained is either [ ] the same address as provided in section 15.1, or [ ] the following address:

_____

_____.

IN WITNESS WHEREOF, and each signatory being jointly and severally liable, the parties hereto executed this Agreement as of the Effective Date.

YOU:

_____

By: _____

_____
[PRINTED NAME AND TITLE]

US:

CARDIO BARRE FRANCHISE, LLC

By: _____
Richard Giorla, CEO

PRINCIPAL EQUITY OWNERS:
(Note: each Principal Equity Owner is signing below as a party to this Agreement, and is individually obligated hereunder to perform or guarantee the performance by an entity licensee of all duties and obligations of the licensee under this Agreement).

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

List of Exhibits to License Agreement:

Exhibit 1 – Territory and Location of Outlet

Exhibit 2 – Names and Addresses of Principal Equity Owners

Exhibit 3 – Statement of Licensee

Exhibit 4 – Certified Instructor Confidentiality Agreement

EXHIBIT 1 - TERRITORY AND LOCATION OF OUTLET

The Territory is either [ ] the Host Business Premises or [ ] the geographic 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.)

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

If Licensee is an entity, list below the names, residential addresses and respective percentage equity ownership interests of each Principal Equity Owner:

1. _____

_____

_____

_____ %

2. _____

_____

_____

_____ %

3. _____

_____

_____

_____ %

4. _____

_____

_____

_____ %

5. _____

_____

_____

_____ %

EXHIBIT 3 - STATEMENT OF LICENSEE

Cardio Barre Franchise, LLC and you are entering into a License Agreement under the terms of which you will operate a Cardio Barre Outlet. The purposes of this Statement of Licensee 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 License relationship you are entering into. *This Statement of Licensee must be signed and dated on the same day you sign the License Agreement.*

A. The following dates are true and correct:

1. _____, 20 __ _____ (Date) (Initials)	The date on which I received a Franchise Disclosure Document about the Cardio Barre License.
2. _____, 20 __ _____ (Date) (Initials)	The date on which I signed the Cardio Barre License Agreement (must be at least 15 days after 1).
3. _____, 20 __ _____ (Date) (Initials)	The earliest date on which I sent or delivered cash, check or other consideration to a Cardio Barre License sales representative (must be at least 15 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 License Agreement?

Yes _____ No _____

3. Do you understand all the information in the Franchise Disclosure Document and License 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 License 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 License with an existing Cardio Barre licensee?

Yes _____ No _____

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

Yes _____ No _____

8. Do you understand the results, success or failure or otherwise, of your License will depend in large part on your skills, abilities and efforts and those of persons you employ as well as many other variable factors such as weather, competition, interest rates, inflation, labor and supply costs, consumer trends, public interest in matters that affect interest in Cardio Barre Services and Products and state of the economy?

Yes _____ No _____

9. 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 you?

Yes _____ No _____

10. 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 License Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance that is contrary to, or different from, the information in the Cardio Barre Franchise Disclosure Document?

Yes _____ No _____

11. 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 you, or likelihood of success, *other than any financial performance representations that may be contained in Item 19 of the FDD*?

Yes _____ No _____

12. Do you understand that the License Agreement and its exhibits contain the entire agreement between us and you concerning the Cardio Barre Licensed Business, meaning any prior oral or written statements not set out in the License 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 LICENSEE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. THIS STATEMENT MUST BE SIGNED BY THE LICENSEE AND EACH OF YOUR PRINCIPAL EQUITY OWNERS.

LICENSEE:

_____

By: _____
[PRINTED NAME AND TITLE]

PRINCIPAL EQUITY OWNERS:

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

PRINCIPAL EQUITY OWNERS [continued]:

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

x_____

_____
[PRINTED NAME]

EXHIBIT 4 - CERTIFIED INSTRUCTOR CONFIDENTIALITY AGREEMENT

This Certified Instructor Confidentiality Agreement ("Agreement") is a binding legal document, entered into and effective on this date, _____, by and between _____ (hereinafter "Recipient") and Cardio Barre Franchise, LLC (hereinafter "Cardio Barre"). Recipient and Cardio Barre are sometimes referred to herein together as "Parties".

Recitations

WHEREAS Recipient understands that this Agreement is a binding legal contract containing covenants, duties, rights and limitations upon which the relationship between the Parties is conditioned and upon which Cardio Barre relies in disclosing valuable and confidential information and property to Recipient.

WHEREAS Recipient acknowledges that he or she had the opportunity to review this document with the advice of an attorney (or had adequate opportunity to do so) prior to entering into this Agreement. Recipient's signature below indicates that he or she understands his or her rights, duties and limitations as defined and contained herein. Recipient acknowledges that his or her signature affixed hereto demonstrates Recipient's informed, knowing and willful intent to enter a binding, legal contract causing Recipient to be liable for any breach thereof.

WHEREAS Parties agree that Cardio Barre is the sole owner of the property known as Cardio Barre's trade secrets and proprietary materials which include but are not limited to physical materials, in any and all formats now known or hereinafter developed, and including formulas, sequencing, arrangements, terminology, movement and language sequencing, ideas and information (hereinafter collectively known as "Confidential Information") developed by Cardio Barre for the purpose of creating, branding and marketing for profit the Confidential Information and the process created by and for Cardio Barre for the certification of individuals to become Certified Cardio Barre Instructors.

WHEREAS the disclosure of Confidential Information to Recipient is conditioned upon Recipient's certification as a Cardio Barre Instructor and Recipient's remaining in good standing as a Certified Cardio Barre Instructor. Recipient's Cardio Barre Instructor Certification and the right to conditional use of Cardio Barre's Confidential Information may be revoked at the sole discretion of Cardio Barre.

WHEREAS the conditional disclosure of Cardio Barre Confidential Information to Recipient is pursuant to and conditioned upon Recipient's strict adherence to the terms of this Agreement and for the sole purpose of Recipient representing the Cardio Barre system by teaching and instructing classes exclusively at Cardio Barre Licensed locations. Any breach by Recipient of any of the terms of this Agreement shall cause all conditional rights of use by Recipient of Confidential Information for any purpose to be immediately revoked by operation of law.

TERMS

FOR VALUABLE CONSIDERATION, CARDIO BARRE AND RECIPIENT, AS PARTIES TO THIS AGREEMENT, AGREE AS FOLLOWS:

1. DISCLOSURE. Cardio Barre's provision of Confidential Information to Recipient is conditioned upon Recipient's use for the limited, exclusive and sole purpose anticipated and defined herein. Specifically, Recipient's receipt and use of Confidential Information is for the sole purpose of obtaining Certified Cardio Barre Instructor status and for use by Recipient as a Certified Cardio Barre Instructor to teach classes exclusively at Cardio Barre Licensed locations.

2. CONFIDENTIALITY.

2.1 NO UNAUTHORIZED USE. Recipient agrees not to use Confidential Information for any purpose other than to teach classes as a Certified Cardio Barre Instructor exclusively at any of the Cardio Barre Licensed locations. Recipient shall not use Confidential Information for any purpose not specifically defined herein, nor shall Recipient duplicate Confidential Information in any format, manufacture, sell, share or test any product embodying Confidential Information for any purpose whatsoever except for the exclusive purposes recited herein.

2.2 NON-DISCLOSURE. Recipient understands the inherent value of Confidential Information as an exclusive and unique brand in the marketplace created, developed, recorded and made valuable as a commodity resulting from the industry, efforts and financial investment of Richard Giorla, the owner of Cardio Barre Recipient acknowledges the unique value of Confidential Information to both Cardio Barre and Recipient as it pertains to the limited and exclusive Cardio Barre brand and therefore Recipient covenants to prevent disclosure of and protect the Confidential Information and / or any part thereof, from disclosure to anyone other than an "Authorized Person".

2.3 AUTHORIZED PERSON DEFINED. For the purpose of this Agreement, Authorized Person is defined as either (i) Recipient or (ii) a specific individual designated as an Authorized Person in writing by Richard Giorla, Owner of Cardio Barre, said designation and authorization to be granted in Richard Giorla's sole discretion, and limited to the specific permission and sole individual purpose as provided in the written authorization.

2.4 PROTECTION OF SECRECY. Recipient agrees to take all steps necessary to protect the secrecy of the Confidential Information, and to prevent the dissemination of Confidential Information to any unauthorized persons. Further, Recipient shall protect and maintain Confidential Information as proprietary to prevent the information from lapsing into the public domain. Should Recipient's malfeasance or negligence result in Confidential Information's dissemination to unauthorized parties or the public domain, Recipient shall be liable for monetary damages to Cardio Barre resulting from Recipient's malfeasance and / or negligence.

3. LIMITS ON CONFIDENTIAL INFORMATION. The only limit to the confidentiality provisions contained herein shall result from the receipt by Cardio Barre of one of the following: (i) a Court order directing Cardio Barre to disclose Confidential Information; or (ii) a written order, notification or directive from a Government Agency requiring Cardio Barre to release Confidential Information.

4. OWNERSHIP OF CONFIDENTIAL INFORMATION. Recipient agrees that all Confidential Information is and shall remain the sole property of Cardio Barre, and that Cardio Barre may use such Confidential Information for any purpose whatsoever without any obligation to Recipient.

5. NO TRANSFER OF RIGHTS. Nothing contained herein shall be construed as granting or implying any transfer of rights to Recipient in Confidential Information, or any other intellectual property protecting or relating to the Confidential Information.

6. SURVIVAL OF RIGHTS AND OBLIGATIONS. The terms of this Agreement shall be binding upon, and enforceable by Cardio Barre and Recipient and their respective heirs, successors, and assigns.

7. INSTRUCTOR EVALUATIONS AND ONLINE UPDATES. Recipient (and other Certified Cardio Barre Instructors) will be evaluated regularly for compliance with Cardio Barre format, methods, and standards. Unsatisfactory performance may require Recipient to receive remedial training for continued certification. Updates on the Cardio Barre format, methods, and standards will be made available to Recipient from time to time online at Internet sites identified by Cardio Barre.

8. REVOCATION OF INSTRUCTOR CERTIFICATION. At Cardio Barre's exclusive discretion, Cardio Barre retains the right to revoke Recipient's Certified Cardio Barre Instructor certification (hereinafter referred to as "Instructor Certification"), at any time and for any reason. Recipient's breach of any of the covenants contained herein shall be cause for immediate revocation of Instructor Certification. Certified Cardio Barre Instructors may not teach another "barre" class after termination or voluntary leave for one (1) year from the date of their termination or voluntary leave. All Cardio Barre methods, music, materials, and formats are the sole property of Cardio Barre and may not be used outside of any approved Cardio Barre facility. Any unapproved use of Cardio Barre methods, music, materials, and formats after revocation of Recipient's Instructor Certification, or the termination of this Agreement (for any reason) will result in Cardio Barre taking all necessary legal actions to protect its confidential information and enforce its rights.

9. EFFECT OF REVOCATION OF INSTRUCTOR CERTIFICATION. Upon revocation of Recipient's Instructor Certification, Recipient shall immediately cease and desist from the use of any Confidential Information committed to memory for any purpose whatsoever. Recipient shall never use any proprietary information or intellectual property of Cardio Barre in an employment or business relationship, or for any other purpose. After revocation of Recipient's Instructor Certification, Recipient's duty of confidentiality and non-disclosure of all Cardio Barre Confidential Information shall remain in full force and effect.

10. STIPULATION AND RESTRICTIVE COVENANT REMEDIES. In the event of breach or anticipated breach by the Recipient of any provision of this Agreement, the parties hereby consent, agree and therefore stipulate that there is no remedy at law for breach of the terms of this Agreement. The Parties stipulate that Cardio Barre shall be entitled to seek a temporary or permanent injunction or other equitable or legal relief against breach or anticipated breach from any court of competent jurisdiction, without posting bond or security and without proof of actual damages or that money damages would not afford adequate remedy. The aforementioned equitable relief shall be in addition to, and not in lieu of legal remedies, monetary damages or other available forms of relief.

11. RESTRICTIVE COVENANT AGAINST NON-DISPARAGEMENT. Cardio Barre and Recipient agree and covenant that they will not at any time make, publish or communicate, to any person or entity in any public forum or within or among the Cardio Barre Licensed system, including but not limited to Cardio Barre employees, other Certified Cardio Barre Instructors and License owners, potential Cardio Barre Licensees, clients or potential clients, any defamatory or disparaging remarks, comments or statements concerning the other Party or either Parties' business or businesses, or any of the other Party's employees, management, officers, existing or prospective franchisees, clients, suppliers, investors and other associated third parties, now or in the future. This section 11 does not, in any way, restrict or impede Parties from exercising protected rights to the extent that such rights cannot be waived by Agreement or from complying with any applicable law.

12. NO ASSIGNMENT OF INSTRUCTOR CERTIFICATION. Recipient may not assign his or her Instructor Certification, or this Agreement or any part hereof, to any party.

13. DISPUTE RESOLUTION. Prior to litigation the parties shall attempt to settle any dispute by a face to face meeting or telephone conference, without attorneys being present. If the parties are unable to resolve the dispute in this meeting or telephone conference, it will be finally resolved by binding arbitration by ADR Services, Inc. ("ADRS"). Arbitration proceedings will be conducted in Los Angeles County, California, or other county where Cardio Barre's headquarters is then located, or if Cardio Barre so elects, at the ADRS business location nearest where Recipient's principal place of business is then located. 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. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. 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. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO SEEK PUNITIVE DAMAGES FROM ONE ANOTHER. ACCORDINGLY, THE ARBITRATOR WILL HAVE NO POWER TO ASSESS PUNITIVE DAMAGES AGAINST EITHER PARTY. This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement. This section 13 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. 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.

14. ENTIRE AGREEMENT. Except where this Agreement specifically references and incorporates other Agreements, documents, or policies, this Agreement supersedes all prior understandings, Agreements, and discussions. This Agreement may only be amended or modified by a written instrument, signed by both parties and executed at the sole and exclusive discretion of Richard Giorla.

15. NOTICES. All notices that the parties 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 sent to the address listed in the Contact Information for Formal Notification set forth below in this Agreement. Any change in the addresses listed in the Contact Information for Formal Notification must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier. Unless actually delivered in person by an agent of the sending party, notices between Recipient and Cardio Barre 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.

16. CHOICE OF LAW. This Agreement shall be interpreted in accordance with California law, without regard to conflicts of laws.

17. MODIFICATION. No provision contained in this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by Richard Giorla.

18. WAIVER. No waiver by either Party of any breach of any condition or provision contained in this Agreement shall be deemed a waiver of any similar or dissimilar provision or condition at the same time, nor at any prior or subsequent time. Failure or delay by either Party to exercise any right, power or privilege hereunder shall not operate as a waiver of any right, power or privilege hereunder and shall not preclude any further exercise of any other such right, power or privilege.

19. SEVERABILITY. Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement and all remaining provisions of this Agreement shall continue to be binding upon the Parties with any such modification becoming part hereof and treated as though originally set forth in this Agreement.

20. CAPTIONS. Captions and headings of any sections and paragraphs contained in this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

21. WAIVER OF RULE OF INTERPRETATION AGAINST AUTHOR. Recipient's voluntary and discretionary desire to become a Certified Cardio Barre Instructor has caused Recipient to enter into this agreement and Recipient therefore waives any interpretation that ambiguous or disputed terms should be construed against Cardio Bar as the author of this Agreement.

22. ACKNOWLEDGMENT OF FULL UNDERSTANDING. Recipient acknowledges and agrees that Recipient has fully read, understands and voluntarily enters into this Agreement. Recipient acknowledges and agrees that

Recipient was provided sufficient opportunity to ask questions and consult with an attorney of Recipient's choice before signing and entering into this Agreement.

23. SIGNATURE AS SEAL OF ACKNOWLEDGMENT. Recipient acknowledges that Recipient's signature affixed hereto signifies Agreement to the terms contained herein and that disclosure of Confidential Information to Recipient is conditioned upon and pursuant to all of the terms and conditions contained in this agreement and Recipient's performance according to the terms of this Agreement.

CONTACT INFORMATION FOR FORMAL NOTIFICATION

RECIPIENT CONTACT INFORMATION

Name: _____

Address: _____

City: _____ State: _____

Zip Code: _____

Home phone: _____

Cell Phone: _____

Email: _____

CARDIO BARRE CONTACT INFORMATION

All notices and materials should be sent to:

Cardio Barre Franchise, LLC
12530 Riverside Drive,
Studio City, CA 91607
Attention: Sheri Weston
Telephone: (818) 761-6006
Email: cardiobarre@cardiobarre.com

ACKNOWLEDGMENT & SIGNATURES

IN WITNESS WHEREOF, the parties have read, understood and hereby execute this Agreement effective as of the date first written below.

Recipient

Signed: _____

Print Name: _____

Title: _____

Date: _____

Cardio Barre

Signed: _____

Print Name: _____

Title: _____

Date: _____

Witness

Signed: _____

Print Name: _____

Title: _____

Date: _____

LIST OF FRANCHISE OUTLETS

The following Cardio Barre franchise outlets were open and operating as of August 23, 2017:

ARIZONA

Cardio Barre Phoenix
Tamara Hakim
4663 E. Cactus Rd., Ste. 3A09
Phoenix, AZ 85032
Phone: (602) 493-2027

CALIFORNIA

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

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

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

Cardio Barre Ventura
Jamie Lyn Kackert
4225 E. Main St.
Ventura, CA 93003
Phone: (805) 630-0871

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

MISSISSIPPI

Cardio Barre Oxford
Gina Mathews
3000 Old Taylor Rd., Ste A
Oxford, MS 38655
Phone: (662) 638-3309

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

The following additional Cardio Barre franchise has been sold, but their outlet was not yet open and operating as of August 23, 2017:

NORTH CAROLINA

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

LIST OF TERMINATED FRANCHISES

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 in 2016:

CALIFORNIA

Cardio Barre Beverly Hills
Richard & Lucille Bradley
Phone: (424) 777-0032

Cardio Barre Brentwood
Lisa Doty
Phone: (310) 472-4011

Cardio Barre Costa Mesa
Charles and Allyson Carrier
Phone: (949) 791-8058

Cardio Barre Downtown Los Angeles
Chatammour Henderson
Phone: (213) 626-0664

Cardio Barre Hollywood
Denise Cohen
Phone: (323) 462-6464

Cardio Barre Simi Valley
Melissa Collins
Phone: (805) 522-7346

FLORIDA

Cardio Barre Coral Springs
Matias & Jessica Pagola
Phone: (786) 766-0371

NEVADA

Cardio Barre Las Vegas
Lisa Martsolf
Phone: (702) 364-2258

UTAH

Cardio Barre Quarry Bend
Shantel Reitz, Megan Cross
Phone: (801) 495-5942

Cardio Barre South Jordan
Shantel Reitz
Phone: (801) 520-7553

The following Cardio Barre franchise outlet was transferred in 2016:

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

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, 2017 to August 23, 2017:

Cardio Barre Pleasanton
Nick Wen
Phone: (925) 621-8610

Cardio Barre Redondo Beach
Gabrielle Santiago
Phone: (424) 257-8384

Cardio Barre San Francisco
Nick Wen
Phone: (415) 659-8540

Cardio Barre Dallas
Shannon Moore
Phone: (205) 381-5551

No franchisee has failed to communicate with Cardio Barre Franchise, LLC within the 10 weeks ending on the date of this disclosure document (August 23, 2017).

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: March 27, 2017 (amended August 23, 2017).

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 August 23, 2017, 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: Certified Instructor Confidentiality Agreement
"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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"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.