FRANCHISE DISCLOSURE DOCUMENT

Club Pilates Franchise SPV, LLC
a Delaware limited liability company
17877 Von Karman Ave., Suite 100
Irvine, California 92614
(513) 815-8467
salesinfo@xponential.com
www.clubpilates.com

The franchise is the right to develop, own and operate, as part of the Club Pilates® system, a fitness studio that provides Pilates and other specialized exercise classes using designated equipment. The total estimated investment necessary to begin operation of a single traditional studio is $193,600 to $407,000, which includes $106,450 to $119,850 that must be paid to franchisor or its affiliates. We may also grant to qualified existing franchisees a franchise to develop a studio within a third-party "big box" gym/fitness facility (a "Non-Traditional Studio"). The total investment necessary to begin operation of a Non-Traditional Studio is $141,350 to $250,850, which includes $44,950 to $116,350 that must be paid to franchisor or its affiliates.

You and we may also enter into an area development agreement under which you would agree to acquire an agreed upon number of franchises and open an agreed upon number of studios within a designated development area and pursuant to an agreed upon opening schedule. The total investment necessary to enter into an area development agreement for the right to develop three Studios ranges from $268,600 to $482,000, which includes (a) the total estimated initial investment to begin operation of your initial Studio from a traditional site and (b) a development fee of $135,000 which must be paid to us.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Mike Gray at Club Pilates Franchise SPV, LLC, 17877 Von Karman Ave., Suite 100, Irvine, California 92614, and at (513) 815-8467.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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.

ISSUANCE DATE: April 4, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits I and J.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Club Pilates business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Club Pilates franchisee?	Item 20 or Exhibits I and J list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends that franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About This Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own states.

2. **Spousal Obligation.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

3. **Minimum Monthly Gross Revenue.** You must meet a minimum monthly gross revenue quote requirement. Your inability to meet this requirement may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment. This obligation will not apply if you are awarded the right to own and operate a Non-Traditional Studio from within a non-traditional venue as disclosed more fully in this Disclosure Document.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement or area development agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement or area development agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the franchise agreement and the area development agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions. You acknowledge that we will seek to enforce this section as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

TABLE OF CONTENTS

ITEM 1 THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES 1
ITEM 2 BUSINESS EXPERIENCE 6
ITEM 3 LITIGATION 7
ITEM 4 BANKRUPTCY 7
ITEM 5 INITIAL FEES 7
ITEM 6 OTHER FEES 9
ITEM 7 ESTIMATED INITIAL INVESTMENT 18
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 25
ITEM 9 FRANCHISEE'S OBLIGATIONS 29
ITEM 10 FINANCING 31
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 32
ITEM 12 TERRITORY 42
ITEM 13 TRADEMARKS 46
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 48
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 49
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 49
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 50
ITEM 18 PUBLIC FIGURES 59
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 59
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 62
ITEM 21 FINANCIAL STATEMENTS 72
ITEM 22 CONTRACTS 72
ITEM 23 RECEIPTS 73

EXHIBITS

A-1. FRANCHISE AGREEMENT AND EXHIBITS
A-2 NON-TRADITIONAL SITE ADDENDUM TO FRANCHISE AGREEMENT
B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
C. FINANCIAL STATEMENTS
D. GUARANTY OF PERFORMANCE
E. STATEMENT OF PROSPECTIVE FRANCHISEE
F. TABLE OF CONTENTS OF MANUAL
G. FORM OF GENERAL RELEASE
H. STATE SPECIFIC ADDENDA
I. LIST OF CURRENT FRANCHISEES AND, IF APPROPRIATE, THEIR OUTLETS
J. LIST OF FRANCHISEES THAT LEFT THE SYSTEM IN THE PAST YEAR
K. DEVELOPMENT AGREEMENT
L. RECEIPTS

ITEM 1
THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language, this disclosure document uses "we," "us," "our," "Franchisor" or "Club Pilates" to mean Club Pilates Franchise SPV, LLC, the franchisor. "You" means the person, corporation, partnership or other entity that buys the franchise and those of your owners who personally assume and guaranty performance of your obligations under your agreements with us. Terms used but not defined in this Disclosure Document (including various capitalized terms) have the meanings given to them in the Franchise Agreement attached as Exhibit A-1 to this Disclosure Document (the "Franchise Agreement").

Franchisor

We do business under the name Club Pilates Franchise SPV, LLC, or in some cases, simply as "Club Pilates." We do not do business under any other name. Our principal business address is 17877 Von Karman Ave., Suite 100, Irvine, CA 92614, and our business phone number is (513) 815-8467. We are a Delaware limited liability company formed on March 6, 2023.

Except as provided in this Item, we have not and do not offer franchises in any other line of business and we have not otherwise been involved in other substantive business activity.

Predecessors and Internal Reorganization

Club Pilates® franchises were first offered in September 2012 by Club Pilates Global, LLC ("CP Global") who continued offering franchises for the brand until March 2015. In March 2015, our affiliate, Club Pilates Franchise, LLC (our "Predecessor") acquired from CP Global all rights, title and interest in and to the Club Pilates franchise system, trademarks and other intellectual property. Predecessor has temporarily operated Studios in connection with the reacquisition of Studios from franchisees for purposes of resale to new franchisees.

From March 2015 through March 2023, franchises for Club Pilates-branded studios ("Studios") were offered by Predecessor. To facilitate the possibility of future funding and financing opportunities (each a "Financing Opportunity") for our parent entities which, through their subsidiaries, own and grant franchises for ten (10) different brands, we and our affiliates engaged in an internal reorganization, effective March 15, 2023 (the "Reorganization"), pursuant to which we acquired from Predecessor, and currently own, the Marks (defined below) and other intellectual property related to the development and operation of Studios and the Club Pilates system. The Franchise Agreements, Area Development Agreements, and certain other agreements related to Studios that were signed by Predecessor before the Reorganization remain with Predecessor as of the date of this Disclosure Document. We will be the franchisor under all Franchise Agreements, Area Development Agreements, and certain other agreements related to Studios that are executed from and after April 4, 2023 (the issuance date of this Disclosure Document and the date on which we began offering and selling franchises).

Parents and Potential Financing Opportunity

As part of the Reorganization, our direct parent, XPOF Assetco, LLC ("Assetco"), was created. As described in Item 21 of this Disclosure Document, Assetco guarantees our obligations as franchisor. Assetco's current direct parent is Xponential Fitness, LLC ("Xponential"). Xponential, via an intermediate holding company, is controlled by Xponential Fitness, Inc. ("XFI"), which is a publicly traded company listed on the New York Stock Exchange under the symbol "XPOF." We anticipate that, if a Financing Opportunity occurs, it would be conducted by newly created indirect parents (immediately upstream of Assetco) and that our and Assetco's only involvement in the Financing Opportunity would be to guarantee the obligations of our newly created indirect parents who are involved in the transaction. We expect that guarantee would cause the leverage ratio of debt to "Adjusted EBITDA" of Xponential and its subsidiaries (including us) to increase in an amount not determinable unless and until the

details of the Financing Opportunity are determined. "Adjusted EBITDA" means EBITDA (net income/loss before interest, taxes, depreciation and amortization), adjusted for the impact of certain non-cash and other items that we do not consider in our evaluation of ongoing operating performance. Additionally, if a Financing Opportunity occurs, all of the then-existing Franchise Agreements, Area Development Agreements, and certain other agreements related to Studios will be simultaneously assigned from Predecessor to us.

Affiliates

Currently, there are 10 brands within the portfolio of brands owned and franchised by subsidiaries of Xponential: AKT®, BFT®, Club Pilates®, CycleBar®, Pure Barre®, Row House®, Rumble®, Stretch Lab®, Stride® and Yoga Six® (collectively, the "Xponential Brands").

Our affiliate, AKT Franchise SPV, LLC ("AKT SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide indoor fitness classes/instruction through a combination of circuit training, dance cardio, Pilates, and yoga under the AKT® trademark ("AKT Studios") since April 2023. Our affiliate, and predecessor to AKT SPV, AKT Franchise, LLC ("AKT"), a Delaware limited liability company, previously offered franchises for AKT Studios from July 2018 through March 2023. While AKT SPV is the current franchisor of AKT Studios, AKT remains the franchisor under those franchise agreements and area development agreements for AKT Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 26 franchised AKT Studios in operation.

Our affiliate, BFT Franchise SPV, LLC ("BFT SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer and provide functional, group training fitness instruction and related services under the BFT® trademark ("BFT Studios") since April 2023. Our affiliate, and predecessor to BFT SPV, BFT Franchise Holdings, LLC ("BFT"), a Delaware limited liability company, previously offered franchises for BFT Studios from January 2022 through March 2023. While BFT SPV is the current franchisor of BFT Studios, BFT remains the franchisor under those franchise agreements and area development agreements for BFT Studios as of the date of this Disclosure Document. As of December 31, 2022, there were two franchised BFT Studios in operation.

Our affiliate, CycleBar Franchising SPV, LLC ("CB SPV"), a Delaware limited liability company, has offered franchises for indoor cycling studios under the CYCLEBAR® trademark ("CycleBar Studios") since April 2023. Our affiliate, and predecessor to CB SPV, CycleBar Franchising, LLC ("CB"), an Ohio limited liability company, previously offered franchises for CycleBar Studios from January 2015 through March 2023. While CB SPV is the current franchisor of CycleBar Studios, CB remains the franchisor under those franchise agreements and area development agreements for CycleBar Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 257 franchised CycleBar Studios in operation.

Our affiliate, PB Franchising SPV, LLC ("PB SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide indoor fitness classes/instruction through a combination of Pilates, weights and ballet, including using a ballet barre, under the PURE BARRE® trademark ("Pure Barre Studios") since April 2023. Our affiliate, and predecessor to PB SPV, PB Franchising, LLC ("PB"), a Delaware limited liability company, previously offered franchises for Pure Barre Studios from 2012 through March 2023. While PB SPV is the current franchisor of Pure Barre Studios, PB remains the franchisor under those franchise agreements and area development agreements for Pure Barre Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 618 franchised Pure Barre Studios in operation.

Our affiliate, Row House Franchise SPV, LLC ("RH SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer rowing and free weight exercise instruction under the ROW HOUSE® trademark ("Row House Studios") since April 2023. Our affiliate, and predecessor to RH SPV, Row House Franchise, LLC ("RH"), a Delaware limited liability company, previously offered franchises for Row House

Studios from December 2017 through March 2023. While RH SPV is the current franchisor of Row House Studios, RH remains the franchisor under those franchise agreements and area development agreements for Row House Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 82 franchised Row House Studios in operation.

Our affiliate, Rumble Franchise SPV, LLC ("RF SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer and provide boxing classes/instruction and other related exercise classes under the RUMBLE® trademark ("Rumble Studios") since April 2023. Our affiliate, and predecessor to RF SPV, Rumble Franchise, LLC ("RF"), a Delaware limited liability company, previously offered franchises for Rumble Studios from March 2021 through March 2023. While RF SPV is the current franchisor of Rumble Studios, RF remains the franchisor under those franchise agreements and area development agreements for Rumble Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 35 franchised Rumble Studios in operation.

Our affiliate, Stretch Lab Franchise SPV, LLC ("SL SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide stretching classes in both private and group formats, related therapy activities and, if approved, a proprietary "flexologist" training programs under the STRETCH LAB® trademark ("Stretch Lab Studios") since April 2023. Our affiliate, and predecessor to SL SPV, Stretch Lab Franchise, LLC ("SL"), a Delaware limited liability company, previously offered franchises for Stretch Lab Studios from December 2017 through March 2023. While SL SPV is the current franchisor of Stretch Lab Studios, SL remains the franchisor under those franchise agreements and area development agreements for Stretch Lab Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 283 franchised Stretch Lab Studios in operation.

Our affiliate, Stride Franchise SPV, LLC ("SF SPV"), a Delaware limited liability company, has offered franchises for fitness studios that provide indoor running classes and related fitness classes and instructions through the use of treadmills and live instruction under the STRIDE® trademark ("Stride Studios") since April 2023. Our affiliate, and predecessor to SF SPV, Stride Franchising, LLC ("SF"), a Delaware limited liability company, previously offered franchises for Stride Studios from February 2019 through March 2023. While SF is the current franchisor of Stride Studios, SF remains the franchisor under those franchise agreements and area development agreements for Stride Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 17 franchised Stride Studios in operation.

Our affiliate, Yoga Six Franchise SPV, LLC ("YS SPV"), a Delaware limited liability company, has offered franchises for fitness studios that offer and provide indoor yoga classes/instruction and other related exercise classes under the YOGA SIX® trademark ("Yoga Six Studios") since April 2023. Our affiliate, and predecessor to YS SPF, Yoga Six Franchise, LLC ("YS"), a Delaware limited liability company, previously offered franchises for Yoga Six Studios from September 2018 through March 2023. While YS SPV is the current franchisor of Yoga Six Studios, YS remains the franchisor under those franchise agreements and area development agreements for Yoga Six Studios as of the date of this Disclosure Document. As of December 31, 2022, there were 167 franchised Yoga Six Studios in operation.

Since 2018, our affiliate, Xponential Fitness Brands International, LLC ("XFB International"), a Delaware limited liability company, has offered master franchises and unit franchises outside the United States for Studios and for fitness studios developed and operated under the various other Xponential Brands, with agreements currently affecting various Xponential Brands in Australia, Austria, Dominican Republic, Germany, Japan, Korea, Kuwait, Mexico, New Zealand, Portugal, Singapore, Spain, and the United Kingdom. XFB International has never owned or operated a Studio or offered franchises for Studios in the United States.

Our affiliate, CycleBar Canada Franchising, LLC ("CycleBar Canada"), a British Columbia unlimited liability company, offers franchises for CycleBar Studios in Canada. CycleBar Canada began offering franchises

for CycleBar Studios in Canada in August 2015. CycleBar Canada has never owned or operated a Studio nor offered franchises for Studios in the United States.

Our affiliate, Xponential Gift Cards, LLC ("XGC"), a California limited liability company, manages the branded gift card programs for various Xponential Brands. XGC has never owned or operated a Studio or offered franchises for Studios.

All of the entities referenced in this Item 1 share our principal business address, except that CycleBar Canada has a registered office at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC V6C 3E8 Canada. Neither we nor any other entity described in this Item 1 has owned or operated a Studio or offered franchises in this or any other line of business except as specifically described in this Item 1. We have no other predecessors, parents or affiliates that are required to be disclosed in this Item 1.

For purposes of this Disclosure Document, AKT SPV, BFT SPV, CB SPV, PB SPV, RH SPV, RF SPV, SL SPV, SF SPV, and YS SPV are together referred to as the "Affiliate SPV Franchisors," and AKT, BFT, CB, PB, RH, RF, SL, SF, and YS are together referred to as the "Affiliate Prior Franchisors."

Agent for Service of Process

Our agents for service of process are disclosed in Exhibit B.

The Franchise We Offer

Traditional Studio

We offer for sale a franchise to operate a Studio at a specific location (each a "Franchise") pursuant to the terms of our form of franchise agreement attached to this Disclosure Document as Exhibit A-1 (the "Franchise Agreement"). We expect that all Studios will typically operate from a commercial space of approximately 1,500 square feet within a retail shopping center. We may, however, consider alternative sites, on a case-by-case basis.

If you are granted a Franchise, you must operate your Studio at a location that we approve (the "Authorized Location"). You must sign the Franchise Agreement to be granted a Franchise for your Studio. If you are a legal entity, such as a limited liability company, partnership, or corporation, each person who directly or indirectly owns a 10% or greater ownership in you (each, a "Guarantor") must sign and deliver to us our then-current form of Guarantee, Indemnification, and Acknowledgment (a "Guaranty"), and one of your Guarantors must be designated as an Operating Principal, who has the authority communicate with us and otherwise act on your behalf in all matters relating to your Studio.

Each Studio offers Pilates and other exercise programs through live instructional group and individual classes, including, but not limited to, Pilates Reformer exercises; exercises using a Pilates Ballet Bar, Springboard, EXO Chair, and other Pilates' apparatuses; strength training; stretching exercises; a teacher training program; and any other services that we authorize (collectively, the "Approved Services"). Studios are established and operated under a comprehensive design that includes spacious interior, a significant number of exercise equipment/apparatuses, specifications, and procedures for operations; quality customer service; management and financial control; training and assistance; and advertising and promotional programs (which we call our "System"). The System's standards, specifications and procedures (collectively, the "System Standards") are described in our confidential operations manual (the "Manual"). The System and the Manual, and their various components, may be modified, discontinued, and further developed in our discretion.

Your Studio must engage at least one individual that is capable of and authorized to provide Pilates instruction and other Approved Services at all times (an "Authorized Instructor"). To be an Authorized Instructor,

the individual must: (i) complete all requirements necessary to meet what we refer to as the "Instructor Eligibility Criteria" by an industry-recognized third-party institution, including without limitation, accumulating at least 450 hours of Pilates instruction; and (ii) attend our proprietary "Instructor Bridge Training Program" (the "Instructor Bridge Training Program") – otherwise known as "Instructor Bridge Training" -- designed to provide individuals who meet the Instructor Eligibility Criteria with additional guidelines and information on how to provide the Approved Services in accordance with our current System Standards.

We assume that any individual you engage to serve as an initial Authorized Instructor at your Studio will already meet the Instructor Eligibility Criteria before attending the required Instructor Bridge Training Program and providing services at your Studio.

We do offer, and will permit our franchisees to offer, a full "teacher training" course that provides the kind of instruction typically associated with meeting the Instructor Eligibility Criteria. Our standard franchise offering assumes that the initial instructor and subsequent instructors at your Studio will already meet the Instructor Eligibility Criteria and that such individuals will only be required to complete our Instructor Bridge Training Program before they can provide services at your Studio.

Non-Traditional Studio

As acceptable sites arise within our existing franchisees' territories, we may also offer those franchisees who are in compliance with their existing franchise agreements and who demonstrate to our satisfaction that they are able to develop and operate additional Studios a Franchise to operate an additional Studio from a Non-Traditional Site. A "Non-Traditional Site" is any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations**)**. If you are granted such a Franchise, in addition to the execution of the Franchise Agreement (and Guaranty, as applicable), you must also sign and deliver our Non-Traditional Site Addendum, attached to this Disclosure Document as Exhibit A-2 (the "Non-Traditional Site Addendum").

Area Development Rights

We also offer qualified individuals and entities the right to acquire multiple Franchises (the "Development Rights") within a designated geographical area (the "Development Area") under our current form of area development agreement, which is attached to this Disclosure Document as Exhibit K (the "Development Agreement"). The Development Agreement will provide a designated schedule in which you (or your affiliates) must acquire Franchises and open and operate the designated number of Studios (a "Development Schedule"). Currently, Studios to be located at Non-Traditional Sites will not count towards the Development Schedule.

For each Franchise you acquire pursuant to the Development Agreement, you (or your affiliate) will sign our then-current form of Franchise Agreement. When you sign the Development Agreement, you will also sign your 1st Franchise Agreement in the form attached to this Disclosure Document as Exhibit A-1. Each subsequent Franchise Agreement you sign will be our then-current form, and it might contain terms that are materially different than those found in our current form, including with respect to fees.

You will be required to pay us a one-time development fee that will be calculated based on the number of Studios you commit to develop under the Development Agreement (the "Development Fee"), but you will not be required to pay any other initial franchise fee at the time you execute your franchise agreements for each Franchise we grant to you or your affiliates pursuant to the Development Agreement.

Market and Competition

The market for fitness services and studios is crowded. You will face competition for members from other Pilates studios, gyms, personal trainers, yoga studios, fitness/exercise centers and studios, health clubs, barre-based studios, and even other System franchisees.

Laws, Rules, and Regulations

Some states require that health/fitness facilities have a staff person available during all hours of operation that is certified in basic cardiopulmonary resuscitation or other specialized medical training. Some state or local laws may also require that health/fitness facilities have an automated external defibrillator and/or other first aid equipment on the premises. At a minimum, your Studio will be subject to various federal, state and local laws, and regulations affecting the business, including laws relating to zoning, access for the disabled, and safety and fire standards. You may need the local fire marshals or other local, state or federal agency's permission before you begin operations. In addition, there may be local licensing and employment regulations, including worker's compensation insurance requirements.

You will be solely responsible for ensuring you acquire and maintain any specific licenses, permits, authorizations or otherwise that may be required to operate your Studio under the applicable laws of where your Studio is located. Among other things, you will need to ensure that all music played by you or your Authorized Instructors at your Studio is properly licensed for use in connection with the provision of the Approved Service, or if permitted by us, any other purpose.

If you acquire the right to own and operate a Studio from a Non-Traditional Site, then you will need to ensure that you comply with all regulations related to operating and providing the Approved Services and Approved Products from the Non-Traditional Site at issue.

ITEM 2
BUSINESS EXPERIENCE

Mike Gray: Brand President

Mr. Gray has been our Brand President since March 2023. He has also served as our Predecessor's Brand President since May 2021. Previously, Mr. Gray was Predecessor's Senior Vice President of Operations from October 2018 to May 2021. From July 2017 to October 2018, Mr. Gray was Predecessor's Vice President of Sales.

Ryan Junk: Chief Operating Officer

Since March 2023, Mr. Junk has served as our Chief Operating Officer and the Chief Operating Officer of Assetco and each of the Affiliate SPV Franchisors. Since March 2021, Mr. Junk has also served as the Chief Operating Officer of each of the Affiliate Prior Franchisors, except BFT. Since July 2020, Mr. Junk has also served as Xponential's Chief Operating Officer. From November 2017 to June 2020, Mr. Junk served as the President of CB. Since June 2016, Mr. Junk has also served as a Consultant and Owner of R.L.J. Consulting Group, LLC in Redondo Beach, California.

Sarah Luna: President

Since March 2023, Ms. Luna has served as our President and the President of Assetco and each of the Affiliate SPV Franchisors. Since March 2021, Ms. Luna has also served as the President of each of the Affiliate Prior Franchisors, except BFT. Since January 2021, Ms. Luna has also served as Xponential's President. From October 2018 to January 2021, Ms. Luna served as the Brand President of PB, and from July 2017 to October 2018, Ms. Luna served as Predecessor's Senior Vice President.

John Meloun: Chief Financial Officer

Since March 2023, Mr. Meloun has served as our Chief Financial Officer and the Chief Financial Officer of Assetco and each of the Affiliate SPV Franchisors. Mr. Meloun has also served as the Chief Financial Officer for AKT, CB, and PB (each since October 2018), and RH, RF, SL, SF, and YS (each since March 2021). Mr. Meloun has also served as Xponential's Chief Financial Officer since July 2018. From March 2015 to June 2018, Mr. Meloun was the Chief Financial Officer for The Joint Corp., based in Scottsdale, Arizona.

Andrew Hagopian: Chief Legal Officer

Since March 2023, Mr. Hagopian has served as our Chief Legal Officer and the Chief Legal Officer of Assetco and each of the Affiliate SPV Franchisors. Since March 2023, Mr. Hagopian has also served as the Chief Legal Officer of Xponential. From June 2022 to February 2023, Mr. Hagopian served as General Counsel of Newlight Technologies, Inc., based in Huntington Beach, California. From January 2021 to June 2022, Mr. Hagopian served as General Counsel for BetMGM, based in Las Vegas, Nevada. From December 2016 to December 2020, Mr. Hagopian served as Chief Corporate Counsel for MGM Resorts International, based in Las Vegas, Nevada.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

Initial Franchise Fee

You must pay to us a lump sum initial franchise fee of $60,000 (the "Initial Franchise Fee") to establish a single Studio under a Franchise Agreement. The Initial Franchise Fee is due upon the signing of the Franchise Agreement. The Initial Franchise Fee will be fully earned by us upon payment and is not refundable, in whole or in part, under any circumstance. If you are purchasing an existing Studio from a System franchisee, you will pay us a $30,000 training fee in lieu of the Initial Franchise Fee. Except as disclosed in this Item, we uniformly impose the Initial Franchise Fee on all parties that are purchasing a single Studio.

If you are offered the right to own and operate a Studio from a Non-Traditional Site located within a Designated Territory (see Item 12 below) you have already been awarded, then you will not be required to pay us any Initial Franchise Fee in connection with the Franchise Agreement governing that Non-Traditional Studio.

Furniture, Fixtures and Related Supplies Package

As part of our standard franchise offering, you must pay us to provide (or arrange for our Approved Suppliers to provide) you with the following prior to the opening of your Studio: (i) a Studio fixture package comprised of a desk, displays and display rack, storage cubbies, pedestals and one Pilates package; (ii) other items related to the outfitting and design and buildout of your Studio; and (iii) the installation and transportation of the

foregoing items and the exercise equipment comprising the Exercise Equipment Package (as detailed below), which we assume and expect you will lease from a third-party Approved Supplier (collectively, these products and services will be referred to as the "Furniture, Fixtures and Related Supplies Package").

We estimate the total cost of a given Furniture, Fixtures and Related Supplies Package (including shipping and installation) is $31,500 to $43,500 for a traditional Studio and $30,000 to $40,000 for a Non-Traditional Studio. Currently, you must pay us for the Furniture, Fixtures and Related Supplies Package, but we may designate one or more other approved supplier(s) from which you must purchase these items in the future. You must pay us for the Furniture, Fixtures and Related Supplies Package prior to opening your Studio. This payment is not refundable under any circumstances.

Initial Inventory Kit

Prior to opening your Studio, you must purchase the following from us: (i) opening inventory that includes branded apparel, including t-shirts, yoga pants, toe socks and related accessories; and (ii) a pre-sale start-up package that typically includes (a) marketing and promotional items such as a branded EZ Up tent, feather flags and a portable reformer to be utilized in conjunction with your pre-opening support program described below, and (b) branded apparel that is specific to the location of your Studio (collectively, the "Initial Inventory Kit").

The cost of the Initial Inventory Kit is $12,000, which we may require you pay to us immediately upon execution of your Franchise Agreement. The amount paid is non-refundable under any circumstances and is deemed fully earned upon payment. We expect to impose this charge for the kit uniformly.

You are required to use certain of these items in coordination with the pre-opening sales plan we approve or designate for your Studio, which is designed to generate prospective Studio clientele and members and otherwise promote the Studio prior to opening (the "Opening Support Program"). We anticipate that you will begin the pre-sale phase about 1 to 2 months before you open your Studio (the "Pre-Sales Phase").

Instructor Bridge Training Program Fee(s) in Connection with Initial Instructor Personnel

You must ensure that your initial staff of Authorized Instructors attends and completes the appropriate Instructor Bridge Training Program training before, which will take place at one of our corporate training facilities, which currently has a program tuition fee amounting to $200 per instructor (the "Instructor Bridge Training Program Fee"). As such, we estimate that you will pay us between $200 and $1,600, depending on how many Instructors you determine to send to receive this Instructor Bridge Training Program, prior to the opening of your Studio.

Technology Fees

You will be required to commence paying us our then-current Technology Fee monthly, which is currently $550 per month, when you begin your Pre-Sales Phase. As such, we estimate that your payment of Technology Fees for two (2) months prior to, and three (3) months after, the opening of your Studio will be $2,750. The fee is deemed fully earned upon payment and is nonrefundable under any circumstances.

Note Regarding Exercise Equipment Package Leased from Third-Party Lessor

Our standard Franchise offering assumes and expects that you will lease the package of Pilates/fitness equipment and other operational equipment we designate to be used in Studios (collectively, the "Exercise Equipment Package") from our approved supplier, in which case you will pay that lessor directly for the right to lease and possess the Exercise Equipment Package. If, however, you determine to outright purchase the Exercise Equipment Package, we may require that you purchase it from us or our affiliate (which we estimate to be approximately $98,556 and would be due prior to opening and non-refundable upon payment). Rather than

purchasing the Exercise Equipment Package, our standard offering assumes and expects that you will lease the Exercise Equipment Package to increase or facilitate cash flow during early operations.

Development Agreement

If we award you the right to acquire Franchises for three or more Studios within a given Development Area, you must pay us a one-time Development Fee upon execution of your Development Agreement. Your Development Fee will depend on the number of Studios we grant you the right to open within the Development Area, and is calculated as follows: (i) $45,000 per Studio if you agree to open and operate between three and five Studios; (ii) $40,000 per Studio if you agree to open and operate between six and nine Studios; and (iii) $35,000 per Studio if you agree to open and operate 10 or more Studios.

You will be required to enter into our then-current form of franchise agreement for each Studio you wish to open under your Development Agreement, but you will not be required to pay an Initial Franchise Fee at the time you execute each of these Franchise Agreements. If you enter into a Development Agreement, you must execute our current form of Franchise Agreement for the first Studio we grant you the right to open within your Development Area concurrently with the Development Agreement.

Your Development Fee will be deemed fully earned upon payment, and is not refundable under any circumstances. The Development Fee described above is calculated and applied uniformly to all of our franchisees.

ITEM 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	8% of Gross Sales generated by your Studio over the relevant reporting period[1]	Payable weekly via electronic funds transfer ("EFT") based on the Gross Sales of your Studio during the preceding business week	You will be required to start paying your Royalty once your Studio begins collecting revenue from operations. We may collect your Royalty on a different interval (for example, monthly).
Contributions to Brand Development Fund[2]	Currently, 2% of Gross Sales[1]	Payable weekly at the same time and in the same manner as the Royalty	Your Fund Contributions will begin when your Studio begins generating revenue from operations.

Type of Fee	Amount	Due Date	Remarks
Instructor Bridge Training Program	Then-current program fee Currently, $200 per Instructor	As incurred	You must have at least one (1) individual who meets the Instructor Eligibility Criteria (which may be you or your Operating Principal) and complete our Instructor Bridge Training Program (which is for your instructors, whom we assume already meet the Instructor Eligibility Criteria, as part of our standard franchise offering). You will be responsible for the costs and expenses associated with completing the Instructor Bridge Training Program (e.g., employee payroll expenses and Instructor Bridge Training Program Fee). Please see Item 11 for additional information.

Type of Fee	Amount	Due Date	Remarks
Teacher Training Program Fee	$2,100 per person	Prior to training.	This fee is only payable to us in connection with each individual that does not meet the Instructor Eligibility Criteria, but wishes to obtain instruction necessary to meet the Instructor Eligibility Criteria. If an individual wishes to attend the Teacher Training Program at your Studio, then they will pay a single fee to our approved third-party provider of $4,995, with (a) $2,100 paid to us for certain materials that we provide in connection with this training (including the "Webinar Training" described in Item 11 of this Disclosure Document), and (b) the balance of $2,895 paid to your Studio (or the appropriate Studio that will be providing the in-person instruction). In order to provide the Teacher Training Program at your Studio, such training will need to be provided by an instructor that (a) meets the Instructor Eligibility Criteria and has completed our Instructor Bridge Training Program, and (b) is otherwise approved by us as a "Master Instructor". Please note that our then-current criteria and conditions for an individual who meets the Instructor Eligibility Criteria and has completed the Instructor Bridge Training Program to also become a Master Instructor will be set forth in our Operations Manual. If you are not able to provide the Teacher Training Program, then we will advise you of the Studio closest to your Studio that can provide such instruction to interested clientele. Please note that certain states may have additional licensing related to education in order to conduct training at a Studio if located in that state. If you are located in such a state, you will need to obtain such required license(s) after your initial period of operations if you wish to provide Teacher Training Program as an Approved Service at your Studio.

Type of Fee	Amount	Due Date	Remarks
Training Fee	Then-current training fee for the type of training at issue (the "Training Fee"). Currently, it is a standard fee of $500/day per trainer.	Prior to training.	This fee is paid in connection with additional training/instruction that we may provide on an ongoing basis in connection with the overall operation and development of your Studio. We will only charge our standard Training Fee in connection with training that (a) you request we provide, or (b) we are required to provide on-site at your Studio. We will not charge this fee in connection with training that we require you to attend at our corporate headquarters or other training facility we designate. We will not charge any training fee in connection with minor, day-to-day assistance that we provide remotely over the phone or via email, subject to our availability. In addition to our then-current training fee, you will always be responsible for the costs and expenses that are incurred in connection with you and your personnel attending training.
Renewal Fee	$10,000	At time of renewal.	You must renovate and reimage the Studio at your expense at the time of renewal to conform to our then-current standards and image.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	Franchise Agreement: $10,000 Development Agreement: $10,000 per undeveloped franchise	Upon your request for our approval of any proposed transfer	Instead of the standard transfer fee, we will only charge an administrative fee amounting to: (i) $500 if you are an individual franchisee and assigning your franchise and/or development agreements rights to an entity that you fully own; or (ii) $1,500 if the assignment is from an existing System franchisee to another immediate family member. Payment of the transfer fee is one (1) of the conditions you must satisfy in order to assign an interest in your Franchise Agreement, your Studio, and/or you (if you are a business entity). There are other various other terms and conditions upon which we may condition or approval or consent to any such transfer. You may be afforded the option – but do not have the obligation – to enter into an agreement with Xponential for resale assistance and access to certain third-party broker networks. Should you determine to enter into this agreement, you will be responsible for (a) the third-party broker fees (currently, 40% of the purchase price), and (b) a broker access fee amounting to 10% of purchase price for any of the assignable assets that are sold to a prospect, if we or broker network generate the prospect.
Technology Fee	Our then-current technology fee for the technology services we provide as part of the System (the "Technology Fee") Currently, $550/month	Payable monthly at the same time and in the same manner as the Royalty.	We charge you an on-going Technology Fee to help cover the costs and expenses associated with developing, implementing, licensing or otherwise using and integrating the technology we determine appropriate to provide as part of the System or otherwise in connection with your Studio and/or Studio network.

Type of Fee	Amount	Due Date	Remarks
Relocation Fee	$5,000	Upon submission of a proposal to relocate	You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. We may assess a relocation fee of $5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection
Music Licensing	Amounts charged by the providers and/or appropriate clearing house(s) for such music licensing	As invoiced or otherwise agreed	We may require that this amount be paid to our then-current Approved Supplier, which may be us or our affiliate, that determines to handle and manage these licenses for System franchisees. As of the Issue Date, we are not collecting this amount directly.
Insurance Policies[3]	Amount of unpaid premium.	As agreed	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Mystery Shopper and Other Quality Control Programs	Then-current fee charged by our Approved Supplier for such programs Currently, our Approved Supplier charges a fee amounting to $500/year	As arranged	Payable only if we establish a mystery shopper program or other quality control mechanism/program, in which case we may require a franchisee to contribute up to $500/year to help defray the costs of such programs that are designed to preserve the goodwill and brand image.

Type of Fee	Amount	Due Date	Remarks
Audit Fees[4]	Costs incurred by us in connection with conducting audit Currently, we estimate that such costs will typically be between $500 - $2,500 (plus costs of any travel)	Within 15 calendar days after receipt of audit report.	Payable only if (a) audit or review shows an understatement of Gross Sales for the audited period of 2% or more, or (b) the audit or review is being conducted in response to your failure to timely submit any reports required by your Franchise Agreement.
Late Fees	The greater of (a) the highest applicable legal rate for open account business credit, or (b) 1.5% per month.	Upon demand.	Applies to all amounts not paid when due, until paid in full. We may also require you to pay an administrative fee of $50 for each late payment or late report.
Non-Compliance Fee	Then-current fee charged by us Currently, $100 for each day of non-compliance.	Upon demand.	Payable only in the event you fail to comply with your material obligations under your Franchise Agreement. The Non-Compliance Fee will be incurred during each day of non-compliance.
Cost of Enforcement or Defense	All costs including attorneys' fees	Upon settlement or conclusion of claim or action.	You will reimburse us for all costs in enforcing our obligations concerning the Franchise Agreement if we prevail.
Indemnification	All costs including attorneys' fees	Upon settlement or conclusion of claim or action.	You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Studio.
Alternative Supplier Approval[5]	$1,500 per day for personnel engaged in evaluating a supplier.	At time of request.	Additionally, you must reimburse us for any travel, accommodations, and meal expenses.
Regional Co-Op	As the Co-Op determines	As the Co-Op determines	We may establish regional cooperatives comprised of Studios that are within a given geographical area (each, a "Co-Op"). If a Co-Op is established where your Studio is located, you will be required to participate in that Co-Op and contribute to that Co-Op in the amounts the Co-Op determines.

Type of Fee	Amount	Due Date	Remarks
Extension of Time to Open your Studio	Then-current fee, currently $2,500	Upon request for extension of time	You are required to open your Studio within six months of executing your Franchise Agreement, but we may agree in writing to provide you with an additional three months to open your Studio if you (a) have already secured an Approved Location for your Studio, and (b) are otherwise making diligent and continuous efforts to buildout and otherwise prepare your Studio for opening throughout the six (6) month period following the execution of your Franchise Agreement; however you must pay us our then-current fee as a condition to granting any extension of time.
Management Fee	The costs/expenses we incur in connection with taking over operations, including manager's salary, room and board, travel expenses, and all other related expenses.	When incurred	If we take over the operations of your Studio due to your breach of the Franchise Agreement (or your death or disability), we may take all actions necessary to operate the Studio.

Type of Fee	Amount	Due Date	Remarks
Lost Revenue Damages	The applicable amount of Lost Revenue Damages, as further defined in the Remarks	Upon termination of Franchise Agreement	If you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for your breach, you must pay us an amount equal to the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the term of the Franchise Agreement absent termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of your Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings we experienced as a result of the termination. However, if (i) as of the termination date, your Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which you operated your Studio, and (ii) if the termination was based on your unapproved closure of your Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of your Studio.

Notes to Item 6 Table:

All fees are imposed by and are payable to us, unless otherwise noted. No other fees or payments are to be paid to us, and we do not currently impose and collect any other fees or payments for any third party. Any fees paid to us are non-refundable unless otherwise noted. Fees payable to third parties may be refundable based on your individual arrangements.

[1] **Gross Sales**. Except as provided below, the term "Gross Sales" means the total revenue, in whatever form, generated by your Studio, whether or not in compliance with your Franchise Agreement and regardless of receipt, including all revenue generated from the sale and provision of any and all gift cards and other products and services at or through your Studio and all proceeds from any business interruption insurance related to the non-operation of your Studio. Please note that the following are excluded from Gross Sales: (a) any sales tax and equivalent taxes that you collect for or on behalf of any governmental taxing authority and paid to it, (b) the value of any allowance issued or granted to any client of the Studio that you credit in good faith in full or partial satisfaction of the price of the Approved Products or Approved Services offered in connection with your Studio, or (c) the provision of the Teacher Training Program at the Studio. You must participate in our then-current electronic funds transfer and reporting program(s). All fees owed and any other amounts designated by us must be received or credited to our account by pre-authorized bank debit by 5:00 p.m. P.S.T. on or before the applicable due date. Your Studio may be located in a jurisdiction whose taxing authority will subject us to tax assessments on payments you submit to us for the Royalty fees and Fund Contributions. Under such circumstances, you will be required to adjust, or "gross up" your payment to us to account for these taxes. Please note that certain franchisees that signed franchise agreements prior to the Issue Date of this Disclosure Document are required to pay a royalty amounting to six percent (6%) of Gross Sales.

[2] **Brand Development Fund**. We (and our affiliates) have established a brand development fund (the "Fund") and you will be required to make a weekly contribution towards such fund ("Fund Contribution") beginning the date your Studio begins collecting revenue from business operations. The Fund may be used for (among other things) product development; signage; creation, production and distribution of marketing, advertising, public relations and other materials in any medium, including the internet; social media; administration expenses; brand/image campaigns; media; national, regional and other marketing programs; activities to promote current and/or future Studios and the brand; agency and consulting services; research; and any expenses approved by us and associated with your Studio. We will have sole discretion over all matters relating to the Fund. You must pay for your own local advertising.

[3] **Insurance Policies**. The minimum limits for coverage under many policies will vary depending on several factors, including the size of your Studio, and whether you offer classes. See Item 8 of this Disclosure Document for our minimum insurance requirements.

[4] **Audit Fees**. You will be required to reimburse us for the cost of the audit in the event that (a) an audit discloses an understatement of Gross Sales for the audited period of two percent (2%) or more, or (b) the audit or review is being conducted in response to your failure to timely submit any reports required by your Franchise Agreement. You will also be required to pay the amount of such understatement, plus late fees and interest.

[5] **Alternative Supplier Approval**. You may request the approval of an item, product, service or supplier. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR INITIAL INVESTMENT

A. Franchise Agreement – Traditional Studio

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee[2]	$60,000	$60,000	Lump sum, in cash, certified check or bank wire	At signing of Franchise Agreement	Us
Initial Training Program Fees[3]	$0	$0	N/A	N/A	N/A
Travel & Living Expenses While Training[3]	$0	$3,000	As arranged	As incurred	Transportation Carriers, Hotel Facilities, Etc.
Real Estate/Lease and Professional Fees[4]	$13,200	$45,000	As arranged	As incurred	Landlord; Attorneys; Accountants
Net Leasehold Improvements[5]	$28,500	$145,000	As arranged	As incurred	Approved Suppliers, Architects and Contractors

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Signage[6]	$10,000	$21,000	As arranged	As incurred	Approved Suppliers and Vendors
Insurance[7]	$1,150	$2,650	As arranged	Before Opening	Insurance Carrier
Lease Payments in Connection with Exercise Equipment Package[8]	$6,800	$12,000	As required	Before Opening	Approved Supplier (Third-Party)
Initial Inventory Kit[9]	$12,000	$12,000	Lump Sum	Before Opening	Us
Furniture, Fixtures and Related Supplies Package[10]	$31,500	$43,500	As arranged	As incurred	Us
Computer System and Related Components[11]	$2,500	$3,500	As arranged	As arranged	Approved Suppliers and Vendors
Initial Marketing Spend, including amounts on Opening Support Program[12]	$15,000	$15,000	As arranged	As arranged	Approved Suppliers and Vendors
Instructor Bridge Training Program Fee[13]	$200	$1,600	As arranged	As arranged	Us
Technology Fees[14]	$2,750	$2,750	As arranged	As arranged	Us
Additional Funds – 3 months[15]	$10,000	$40,000	As arranged	As incurred	Employees, Vendors, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT[16]	**$193,600**	**$407,000**			

B. Franchise Agreement – Non-Traditional Offering (For Existing System Franchisees)

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Initial Franchise Fee[2]	$0	$60,000	Lump sum, in cash, certified check or bank wire	At signing of Franchise Agreement	Us
Travel and Living Expenses While Training[3]	$0	$3,000	As arranged	As incurred	Transportation Carriers, Hotel Facilities, Etc.
Real Estate/Lease and Professional Fees[4]	$5,000	$8,500	As arranged	As incurred	Landlord; Attorneys; Accountants
Net Leasehold Improvements[5]	$50,000	$55,000	As arranged	As incurred	Approved Suppliers, Architects and Contractors
Signage[6]	$7,000	$10,000	As arranged	As incurred	Approved Suppliers
Insurance[7]	$900	$2,500	As arranged	Before Opening	Insurance Carrier
Lease Payments in Connection with Exercise Equipment Package[8]	$6,000	$12,000	As required	Before Opening	Approved Supplier (Third-Party)
Initial Inventory Kit[9]	$12,000	$12,000	Lump Sum	Before Opening	Us
Furniture, Fixtures and Related Supplies Package[10]	$30,000	$40,000	As arranged	As incurred	Us
Computer System and Related Components[11]	$2,500	$3,500	As arranged	As arranged	Approved Suppliers and Vendors
Initial Marketing Spend, including amounts on Opening Support Program[12]	$15,000	$15,000	As arranged	As arranged	Approved Suppliers and Vendors
Instructor Bridge Training Program Fee[13]	$200	$1,600	As arranged	As arranged	Us

Type of Expenditure[1]	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Technology Fees[14]	$2,750	$2,750	As arranged	As arranged	Us
Additional Funds – 3 months[15]	$10,000	$25,000	As arranged	As incurred	Employees, Vendors, Utilities
TOTAL ESTIMATED INITIAL INVESTMENT [16]	**$141,350**	**$250,850**			

Notes to Tables A and B in Item 7:

All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three (3) months of operation only. Leasing and financing is available for many of the above expenses. We do not offer direct or indirect financing, but we may assist you in obtaining working capital through other sources, as described in Item 10 below.

[1] **General**. The initial investment table shows certain expenditures required to establish and operate a Studio. Note that these amounts may vary widely, and the amounts you have to spend or invest may be higher or lower than the estimated amounts, depending on location, size of the Studio, marketing conditions and other factors. We strongly recommend that you verify actual costs in your area, and for your intended location, and prepare a business plan and have it reviewed by your own independent adviser, like an accountant, before making any commitments to us or anyone else. Due to legal restrictions, we will not prepare, review or comment on any business plan for a prospective franchisee. This Item 7 assumes and expects that you will (a) lease the Exercise Equipment Package, and (b) timely perform all pre-opening obligations and open and commence operations of your Studio within the time periods prescribed in your Franchise Agreement. All estimates listed in the table above exclude tax.

[2] **Initial Franchise Fee**. The Initial Franchise Fee is non-refundable. The Initial Franchise Fee for a single Studio is $60,000. We do not provide financing for the Initial Franchise Fee. If you are purchasing an existing Studio from a System franchisee, you will pay us a $30,000 training fee in lieu of the Initial Franchise Fee. If you are offered the right to own and operate a Studio from a Non-Traditional Site located within a Designated Territory you have already been awarded, then you will not be required to pay us any Initial Franchise Fee in connection with the Franchise Agreement governing that Non-Traditional Studio.

[3] **Travel and Living Expenses While Training**. You (or, if you are an entity, your Operating Principal) must attend our proprietary Initial Training Program. We will not charge any tuition or training fee in connection with your attendance Initial Training Program, provided all individuals attend at the same time. The estimate in the Chart above assumes that you (or, if you are an entity, your Operating Principal) will attend the Initial Training Program, and you will be responsible for the costs and expenses associated with attending our Initial Training Program (e.g., transportation, meals, lodging and other expenses). The amount you will spend while training will depend on several factors, including the number of persons attending, the distance you must travel and the type of accommodations you choose, if any are needed.

[4] **Real Estate/Lease**. If you do not own adequate Studio space, you must lease suitable premises. These figures assume that the leased premises will be approximately 1,500 square feet. Landlords may also vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you

to pay common area maintenance charges, your pro rata share of the real estate taxes and insurance, and your pro rata share of HVAC and trash removal. The actual amount you pay under the lease will vary depending on the size of the Studio, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords, and the prevailing rental rates in the geographic area. You will also likely be required to pay a security deposit. This estimate assumes your security deposit will amount to approximately one (1) month of rent. Since rental, improvement and other real-estate-related costs can vary significantly by area, it's your responsibility to (1) independently research all applicable laws and regulations, and real estate market conditions and costs, where you plan to locate and operate your facility, and (2) obtain appropriate advice from your own accountant, attorney and real estate professional, before signing any binding documents or making any investments or other commitments, whether to us or anyone else. This estimate includes three (3) months of base rent plus one (1) month for estimating the security deposit. Certain metropolitan markets, such as Boston, Chicago, Los Angeles, New York, San Francisco, Seattle, and Washington, D.C. may require higher costs than estimated. This estimate is also designed to cover the legal and other professional fees associated with securing an approved premises.

[5] **Net Leasehold Improvements**. The cost of leasehold improvements will vary depending on: (i) the size and configuration of the premises; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); (iii) the need for soundproofing; (iv) the cost of materials and labor which may vary based on geography and location; and (v) the amount you will be required to incur in connection with (a) sound consultation and sound attenuation services and buildout components (if and as required based on the site you select), (b) architect costs, and (c) utility deposits (the typical costs of which are accounted for in the range presented), (d) flooring costs, and (e) expenses incurred to acquire the required local business licenses and permits. You must adapt our prototypical plans and specifications for the construction and finish-out of the Studio. It includes the net cost of leasehold improvements, including floor coverings, wall treatments, ceilings, painting, electrical, carpentry, plumbing, HVAC, and similar work, as well as materials and the cost of labor. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. Certain metropolitan markets, such as Boston, Chicago, Los Angeles, New York, San Francisco, Seattle, and Washington, D.C. may require higher costs than estimated. We highly suggest you receive multiple general contractor bids to determine your estimated build-out costs.

These amounts may also vary depending on whether certain of these costs will be incurred by the landlord and allocated over the term of the lease. Our standard franchise offering assumes: (i) a reasonable tenant improvement allowance to account in this range that is based on our collective experience, the existing Studio locations and our affiliate franchisors and our respective fitness studios that have a similar size and buildout characteristics; and (ii) you will not enter into a lease for a potential premises unless the landlord is willing to afford you a reasonable tenant improvement credit or allowance that is consistent with our experience. If you wish to enter into such a lease, then we will not prohibit you from doing so if (a) the location otherwise meets our System Standards, and (b) you sign an acknowledgement that the lease terms are outside our standard franchise offering.

We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your Studio. You should investigate applicable requirements in your area and the related costs, including receiving advice from regulatory agencies and your own lawyer, before making any commitments, whether to us or anyone else.

For clarity, the estimates presented herein are net of tenant improvement amounts incurred and reimbursed by the landlord. This estimate presented herein is also assuming an average landlord tenant improvement contribution range between $17,000 and $155,000, or an average of $78,000 and an average of three (3) months' rent abatement. The actual amount of tenant improvement allowance and rent abatement you may receive can vary depending on your negotiations with the landlord.

[6] **Signage**. You will need to purchase appropriate signage for your Studio that we approve. The cost of your signage may be more or less than this estimate, and depends on the size, type and method of installation you

choose. Each landlord has different restrictions it places on interior and exterior signage that may affect your costs. This estimate includes costs associated with permanent signage and graphics only and does not include optional temporary signage and graphics.

[7] **Insurance**. This estimate is for three (3) months of your minimum required insurance, using our required or approved third-party vendor. The actual cost may be more than shown here. You will need to check with your insurance carrier for actual premium quotes and costs, and for the actual amount of deposit. Insurance costs can vary widely, based on the area in which your Studio is located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control. You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

[8] **Lease-Related Payments in Connection with Exercise Equipment Package**. Our standard franchise offering assumes and expects that a new System franchisee will lease the required Pilates and other exercise equipment necessary to open and initially commence operations. As such, the range above is designated to capture and account for (a) the typical deposit, and (b) lease (or comparable installment) payments you make to a third-party provider we approve (we have pre-approved several as of the Issue Date) for to lease the Exercise Equipment Package. The typical Exercise Equipment Package comprises the following: 13 Pilates Reformers, a Pilates Ballet Bar Kit, 13 Spring Boards, 13 EXO Chairs, 13 TRX units and smaller pieces of related exercise equipment (e.g., balls, mats, etc.) – but we may raise or lower this requirement depending on the size of your Studio.

If you determine not to follow our System-recommended practice of leasing this equipment associated with our standard franchise offering described above, the estimated cost to purchase this equipment outright will be substantially more (approximately $98,556) and will be paid to us or our designated supplier of such equipment.

[9] **Initial Inventory Kit**. This estimate is the cost associated with acquiring the following proprietary and required items: opening stock of retail inventory which includes, but is not limited to, presale merchandise, branded apparel made up of tops, bottoms, and accessories. The entire package must be purchased prior to Soft Opening. Shipping is not included. If credit is not used within 180 days of Soft Opening, credit will expire.

[10] **Furniture, Fixture, and Related Supplies Package**. This is a range of expenses that will be incurred when decorating and furnishing the Studio. Both the low-end and the high-end numbers represent a straight, outright purchase of the furniture, fixtures and related items comprising this package (rather than leasing or making installment payments on these items). These amounts include our shipping and installation costs for the Furniture, Fixtures, and Related Supplies Package (which includes the shipping and installation of the Exercise Equipment Package). These amounts will vary based upon the geographic location of your Studio.

[11] **Computer System and Related Equipment**. You must acquire a personal computer and a Point of Sale system ("POS") for use in the operation of the Studio. Your computer system must be equipped with a high speed connection to the Internet and must include a local area network with a dedicated server. We will make available to you a certain business management software program specific for the Studio to be loaded on to your system. You will pay the third-party vendor directly for all fees associated with the use of the software. You can expect initial cash outlays to be lower if the items can be leased rather than purchased. These costs are paid to suppliers, when incurred, before beginning business and are usually not refundable. In addition, this estimate includes certain related equipment (e.g. tablets, etc.), as well as the costs associated with at least one (1) surveillance camera to be installed for use at the Studio. You may be required to purchase the camera(s) and related accessories from an Approved Supplier (see Item 8 of this Disclosure Document). You are responsible for ensuring customer consent and for any failure to obtain such consent. You must indemnify us for any breaches of privacy from your use of any surveillance camera.

[12] **Initial Marketing Spend** You are required to expend this "Initial Marketing Spend" in coordination with your Opening Support Program. Typically, we expect your Opening Support Program to commence prior to the "soft opening" of your Studio through your actual opening of the Studio. These funds must be expended on your Opening Support Program and any other pre-opening marketing and/or advertising activities we designate. We may require that you expend any portion of these funds on services or products supplied by one or more of our Approved Suppliers. We will have the right to modify its Opening Support Program as we determine appropriate in our sole discretion. You must provide us with supporting documentation evidencing these expenditures upon our request. This estimate is in addition to your required contributions to the Fund.

[13] **Instructor Bridge Training Program Fee**. Our Instructor Bridge Training Program is an instructor onboarding training. It is for all instructors you and other System franchisees engage to work at a Studio location. Instructor Bridge Training is not a Pilates certification nor is it meant to fill in gaps for non-comprehensive instructors. Remember, our franchise offering assumes that any prospective Authorized Instructor you wish to involve in your Studio operations will already meet the Instructor Eligibility Criteria prior to any involvement with your Studio. The instructor will complete onboard training videos, online training, and a training manual prepared specifically for Instructor Bridge Training. They will be required to complete a video test out that will be reviewed by us for specific feedback about the instructor to complete the training.

[14] **Technology Fee(s)**. This estimate is designed to cover our current Technology Fee obligations prior to opening and over the first three (3) months of operation, for a total of five (5) months of payments. Please see Items 5, 6 and 11 for additional information on this fee that, as of the Issue Date, amounts to $550/month.

[15] **Additional Funds**. This is an estimate of certain funds needed to cover your business (not personal) expenses during the first three (3) months of operation of the Studio. These expenses include initial personnel wages; ongoing purchases of equipment and supplies; marketing expenses/fees and local advertising; utilities; and repairs and maintenance. Your cost will depend upon your management skill, experience and business acumen; local economic conditions; the prevailing wage rate; competition; and sales of the Studio during the period. This estimate is based on: (i) the experience of opening and commencing operations of existing Studios;(ii) our experience in franchising since our inception and the experience of our System franchisees based on reports and other information they provide (iii) the experience of our affiliate brands in developing other fitness concepts and information related to their respective studio investment costs; and (iv) current estimates we have received from our Approved Suppliers and other third party vendors. The availability and terms of financing to you will depend upon factors such as the availability of financing in general, your credit-worthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you operate. This estimate does not include any finance charge, interest, or debt service obligation.

[16] **Total Estimated Initial Investment**. All of the above figures are estimates of certain initial start-up expenses. As noted above, it is not all-inclusive, and we cannot guarantee you will not have additional expenses in starting or operating the Studio. The total listed above does not include compensation for your time or labor or any return on your investment. Your costs will vary depending on such factors as: how closely you follow the System; your management and marketing skills, experience and general business ability; and local and general economic conditions, including disposable income. You should review these figures carefully with a business advisor (such as an accountant) before making any commitments. In preparing the figures in these charts, we relied on the experience of: (i) us and our affiliates in owning and operating Studios utilizing the Marks and System; (ii) our franchisees that have developed Studios, with a particular focus on those franchisees that have opened using certain new components and standards that were integrated into the System; and (iii) our affiliate franchisors' experience with their respective brands.

C. **Development Agreement (Using Example of Franchise Award to Develop 3 Traditional Studios)**

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment Is to be Made
Development Fee[2]	$135,000	Lump sum, in cash, certified check or bank wire	At signing of the Development Agreement.	Us
Initial Investment to Open Initial Studio[3]	$133,600 to $347,000	See Table A of this Item 7, less the Initial Franchise Fee.		
TOTAL ESTIMATED INITIAL INVESTMENT[3]	$268,600 to $482,000	This is the total estimated initial investment to enter into a Development Agreement for the right to develop three (3) total franchised Studios, as well as the costs to open and commence operating your initial Studio for the first three months from a traditional site, as described more fully in Chart A of this Item 7. See Note 3.		

Notes to Table C:

[1] General. All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first three months of operating the initial Studio you are granted under your Development Agreement only.

[2] Development Fee. The Development Fee is for the right to open and operate a total of three Studios (provided you comply with your development obligations under the Development Agreement). If you choose to open more than three Studios, your Development Fee will be calculated as follows: (i) $45,000 per Studio if you are awarded the right to develop between three and five Studios; (ii) $40,000 per Studio if you are awarded the right to develop between six and nine Studios; and (iii) $35,000 per Studio if you are awarded the right to develop 10 or more Studios.

[3] Initial Investment for Initial Studio (from Traditional Studio). This figure represents the total estimated initial investment required to open and commence operating the first Studio you agreed to develop under your Development Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Studio you develop under your Development Agreement, most likely once you have found a premises for the Studio that we approve. The range includes all the items outlined in Chart 7.A. of this Item, except for the $60,000 Initial Franchise Fee (because you are not required to pay an Initial Franchise Fee for those Studios you develop under the Development Agreement). It does not include any of the costs you will incur in opening the additional Studio(s) that you are awarded the right to develop under your Development Agreement. Please recall that each Studio you commit to open and commence operating under your Development Agreement must be a traditional Studio (and not a Non-Traditional Studio).

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate all aspects of your Studio in strict conformance with the methods, standards and specifications of our System. Our methods, standards, and specifications will be communicated to you in writing through our confidential Manual and other proprietary guidelines and writings that we prepare for your use in connection with the Studio and System. We may periodically change our System Standards, as we deem appropriate

or necessary in our sole discretion, and you will be solely responsible for costs associated with complying with any modifications to the System.

Approved Products and Approved Services

You may only market, offer, sell and provide the Approved Services, as well as any related merchandise and other products that we authorize for sale in conjunction with the Approved Services (the "Approved Products") at your Studio in a manner that meets our System Standards. We will provide you with a list of our then-current Approved Products and Approved Services, along with their standards and specifications, as part of the Manual or otherwise in writing prior to the opening of your Studio. We may update or modify this list in writing at any time.

If you wish to offer any product or service in your Studio other than our Approved Products and Approved Services, or use any item in connection with your Studio that does not meet our System Standards, you must first obtain our prior written approval as described more fully in this Item.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Studio from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate(s). We will provide you with a list of our Approved Suppliers in writing as part of the Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

Currently, we have Approved Suppliers for the following items that you must purchase in connection with the establishment and/or operation of your Studio: (i) Initial Inventory Kit; (ii) the Furniture, Fixtures and Related Supplies Package; (iii) the Exercise Equipment Package and certain other equipment/supplies; (iv) interior graphics and exterior signage; (v) insurance coverage; (vi) shipping and installation services; (vii) training materials, including the "Webinar Training" associated with the Teacher Training Program; (viii) certain music licenses you may need in order to play certain music in connection with your Studio operations (subject to prior disclosure regarding your sole obligation to investigate and comply with all music licensing requirements); and (ix) proprietary point-of-sale system (the "POS System") and then-current software we require you to use in connection with that POS System and your Studio, including, without limitation, any software and technology we determine to provide to you as part of our System in connection with your then-current Technology Fee.

We may develop proprietary products for use in your Studio, including private-label products that bear our Marks, and require you to purchase these items from us or our affiliate(s).

If you wish to purchase a product or service that we require you to purchase from an Approved Supplier from an alternate source, then you must obtain our prior written approval as outlined more fully in this Item. We may provide our standards and specifications for our Approved Products and Approved Services directly to our Approved Suppliers, and may provide these standards and specifications to an alternative supplier you propose if: (i) we approve the supplier in writing as outlined more fully in this Item; and (ii) the alternative supplier agrees to sign our prescribed form of non-disclosure agreement with respect to any confidential information we disclose.

As of the date of this Disclosure Document: (i) other than the Initial Inventory Kit, Furniture, Fixtures and Related Supplies Package (including related services), Teacher Training materials, and the technology services we provide in exchange for our then-current Technology Fee, neither we nor any of our affiliates are an Approved Supplier for any items you are required to purchase in connection with your Studio as part of our standard franchise offering; and (ii) none of our officers own an interest in any of our Approved Suppliers other than us. If you determine to outright purchase your Exercise Equipment Package rather than lease that equipment from one of our Approved Suppliers for such leasing services, we may designate ourselves or our affiliate as the Approved Supplier for that package.

We may designate us or any of our affiliates as an Approved Supplier with respect to any other item you must purchase in connection with your Studio in the future.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases in total will be about 70% to 95% of your total purchases to establish the Studio and about 10% to 20% of your purchases to continue the operation of the Studio. Please be advised that these percentages do not include the lease payments that you make in connection with your Studio.

We may derive revenue from any of the purchases that our System franchisees are required to make in connection with the Studio. We are in our first fiscal year and have derived no revenue or other consideration on account of our System franchisees' Required Purchases. During its prior fiscal year ended December 31, 2022, Predecessor derived revenue of $23,467,044 on account of its franchisees' Required Purchases, or 29.4% of its total revenue of $79,741,014.

Non-Approved Product/Service and Alternate Supplier Approval

We may, but are not obligated to, grant your request to: (i) offer any products or services in connection with your Studio that are not Approved Products and Approved Services; or (ii) purchase any item or service we require you to purchase from an Approved Supplier from an alternative supplier.

If you wish to undertake either of these actions, you must request and obtain our approval in writing before: (i) using or offering the non-approved product or service in connection with your Studio; or (ii) purchasing from a non-approved supplier. You must pay us our then-current non-approved product or supplier evaluation fee when submitting your request, as well as cover our costs incurred in evaluating your request. We may ask you to submit samples or information so that we can make an informed decision whether the goods, equipment, supplies or supplier meet our specifications and quality standards. In evaluating a supplier that you propose to us, we consider not only the quality of the particular product at issue, but also the supplier's production and delivery capability, overall business reputation and financial condition. We may provide any alternate supplier you propose with a copy of our then-current specifications for any product(s) you wish the supplier to supply, provided the supplier enters into a confidentiality and non-disclosure agreement in the form we specify. We may also inspect a proposed supplier's facilities and test its products and/or services, and request that you reimburse our actual costs associated with the testing/inspection.

We will notify you in writing within 30 days after we receive all necessary information and/or complete our inspection or testing to advise you if we approve or disapprove the proposed item and/or supplier. The criteria we use in approving or rejecting new suppliers is proprietary, but we may (although are not required to) make it available to you upon request. Each supplier that we approve must comply with our usual and customary requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, we will not guarantee your performance of any supply contract with that supplier under any circumstances. We may re-inspect and/or revoke our approval of a supplier or item at any time and for any reason to protect the best interests and goodwill of our System and Marks. The revocation of a previously approved product or alternative supplier is effective immediately when you receive written notice from us of revocation and, following receipt of our notice, you may not place any new orders for the revoked product, or with the revoked supplier.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs

with suppliers that are willing to supply some products, equipment, or services to some or all of the Studios in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of Approved Suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other Studios in the System, such as rebates, commissions or other forms of compensation, which may comprise of fixed payments and/or percentages of overall sales transactions. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We may create additional purchasing cooperatives in the future. We may negotiate volume purchase agreements with some vendors or Approved Suppliers for the purchase of goods and equipment needed to operate the Studio.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

Insurance

As a Franchise owner, you are required to obtain and maintain, at your sole expense, the required insurance coverages as prescribed in your Franchise Agreement and/or our Manual. We may amend, modify, supplement or otherwise change the coverages or policies required below upon thirty (30) days' written notice to you (or such a shorter period of time that we determine appropriate if a health/safety or infringement-related issue) via the Manual or otherwise. While the specifications and standards for such coverages may vary depending on the size of your Studio and/ or other factors, such as what is customary for businesses of your type in your area, as of the Issue Date, we typically require the following in connection with traditional Studios:

1. Commercial General Liability insurance covering your day-to-day business operations and premises liability exposures with limits not less than the following:

a.	Each Occurrence:	$1,000,000
b.	General Aggregate:	$5,000,000 (per Studio)
c.	Products Completed Operations Aggregate:	$5,000,000
d.	Personal and Advertising Injury:	$1,000,000
e.	Participant Legal Liability:	$1,000,000
f.	Professional Liability:	$1,000,000
g.	Damage to Premises Rented to You:	$1,000,000
h.	Employee Benefits Liability (each employee):	$1,000,000
i.	Employee Benefits Liability (aggregate):	$2,000,000
j.	Medical Expense (any one person):	$5,000
k.	Sexual Abuse and Molestation: included (not excluded)	

Such insurance shall include coverage for contractual liability (for liability assumed under an "insured contract"), products-completed operations, personal and advertising injury, premises liability, third party property damage and bodily injury liability (including death).

2. **Automobile Liability** insurance covering liability arising out of your use, operation or maintenance of any auto (including owned, hired, and non-owned autos, trucks or other vehicles) in connection with your ownership and operation of the franchise, with limits not less than the minimum compulsory requirements in your state (note: it is highly recommended to maintain a least $1,000,000 each accident combined single limit for bodily injury and property damage). This requirement only applies to the extent that owned, leased or hired/rented vehicles are used in the operation of the Franchise.

3. **Workers Compensation** insurance covering all of your employees with statutory coverage and limits as required by state law. Such insurance shall include coverage for Employer's Liability with limits not less than $500,000 each accident, $500,000 disease – each employee, and $500,000 disease – policy limit.

4. **Property** insurance written on a special causes of loss coverage form with limits not less than the current replacement cost of the Studio's business personal property (including furniture, fixtures and equipment) and leasehold improvements (tenant improvements). Such Property insurance shall include glass coverage with limits not less than $25,000, signage coverage with limits not less than $10,000, and business interruption/extra expense coverage with limits not less than twelve months of rent.

5. **Employment Practices Liability** insurance with limits of not less than $1,000,000 per claim in the aggregate, with a retention not larger than $25,000, providing defense and coverage for claims brought by any of your employees or other personnel alleging various employment-related torts. Said policy shall also include Third Party Employment Practices Liability coverage.

Your policies must be written by an insurance company licensed in the state in which you operate the Studio and the insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide. Us as well as Assetco and subsidiaries/affiliates shall be included as Additional Insureds on Studio's Commercial General Liability policy.

Computer System

You must purchase the computer system that we specify, including computer hardware, software, point of sale system, inventory control systems, and high-speed network connections (collectively, the "Computer System"). The component parts of the Computer System must be purchased from Approved Suppliers. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must sign any software license agreements that we or the licensor of the software require and any related software maintenance agreements. The Computer System is described in more detail in Item 11 of this Disclosure Document.

ITEM 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of the Disclosure Document.

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Sections 1.2, 7.1 and 7.2, and Exhibit 4	Section 2.D	Items 11 and 12
b. Pre-opening purchases/leases	Sections 5.4, 6.1, and 7.3	Not Applicable	Items 5, 7 and 8

Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	Article 7 and Sections 6.1, 6.2, and 9.2	Article 2	Items 6, 7 and 11
d. Initial and ongoing training	Sections 5.5 and 6.2	Not Applicable	Items 6, 7 and 11
e. Opening	Sections 2.2 and 6.1	Section 2.C	Item 11
f. Fees	Article 5 and Sections 6.2, 9.1, 9.2, and 9.4	Section 2.3, Article 4	Items 5 and 6
g. Compliance with standards and policies / Operating Manual	Article 4 and Sections 1.2, 6.3, 6.5, 7.1, 7.3, 8.1, 8.4, and 8.7	Section 2.D	Item 11
h. Trademarks and proprietary information	Article 4 and Section 12.1	Article 5	Items 13 and 14
i. Restrictions on products/services offered	Sections 5.4, 6.5, and 8.4	Not Applicable	Items 8 and 16
j. Warranty and customer service requirements	Sections 8.3 and 8.5	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 8.7	Sections 2.C and 2.D and Exhibit A	Item 12
l. Ongoing product/service purchases	Article 9 and Sections 5.9 and 8.4	Not Applicable	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Section 7.1	Not Applicable	Items 6 and 17
n. Insurance	Section 10.4	Not Applicable	Items 6, 7 and 8
o. Advertising and Fund	Article 9 and Section 5.6	Not Applicable	Items 6 and 11
p. Indemnification	Section 11.2	Section 7.B	Item 6
q. Owner's participation/ management/staffing	Sections 2.2, 8.3, 8.6 and 8.7	Article 1	Item 15
r. Records and reports	Section 10.1	Article 10	Item 11
s. Inspections and audits	Sections 8.2 and 10.2	Not Applicable	Items 11
t. Transfer	Article 14	Article 9	Items 6 and 17
u. Renewal	Section 3.2	Not Applicable	Item 17
v. Post-termination obligations	Article 13 and Section 15.3	Section 8.C	Item 17
w. Non-competition covenants	Article 13	Article 6	Item 17
x. Dispute resolution	Article 16	Article 12	Item 17
y. Guaranty	Exhibit 4	Exhibit B	Item 1, Exhibit D

ITEM 10
FINANCING

We offer indirect financing through the third-party providers described below for certain amounts due under the Franchise Agreement. The third-party providers listed below sponsor our annual franchise convention which we share with our affiliate franchisors listed in Item 1 at a minimum level of $10,000. In addition, Amerifund pays us a $500 rebate per deal they finance. We do not guarantee your note, lease or any other obligation. We do not offer direct financing and as such it is not our practice or intent to sell, assign, or discount any financing arrangement. As security for the performance of your obligations under the Franchise Agreement, including payments owed to us for purchases by you, you must grant us a security interest in all of the assets used in the operation of the Studio. If you are an entity, then one (1) or more of your owners may be required to guarantee the repayment obligations in connection with the program, as the provider determines appropriate.

Item(s) Financed	Source of Financing	Down Payment	Amount Financed	Term	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Inventory Kit, Furniture, Fixtures and Related Supplies Package, and Exercise Equipment Package	Amerifund	0% to 20%	$79,250 to $86,881	2 to 5 years	5.9% to 18%	Varies based on amount financed, down payment, term, and interest rate	None	Lien on financed equipment only; no additional collateral required	Unpaid balance	Lender will repossess equipment and schedule payment plan for balance due. If lender is able to resell equipment, resale price will be applied to balance due.
Initial Inventory Kit, Furniture, Fixtures and Related Supplies Package, and Exercise Equipment Package	MacroLease	0% to 20%	$79,250 to $86,881	3 to 4 years	6.5% to 8.5%	Varies based on amount financed, down payment, term, and interest rate	Eligible to prepay after first year; sliding scale thereafter. Maximum penalty of 3%	May require: personal guaranty; lien on equipment financed; lien on business; personal assets as collateral	Lender may repossess equipment and seek relief based on guaranteed assets and personal assets	No right of offset, defense or counterclaim of any kind against Macrolease; no preclusion from taking action against third parties, as long as that action does not impact payment obligation to Macrolease.
Initial Inventory Kit, Furniture, Fixtures and Related Supplies Package, and Exercise Equipment Package	Navitas	First and last months' payments	$79,250 to $86,881	1 to 5 years	8.9%	Varies based on amount financed, term, and interest rate	Sliding scale; total of all payments in first year; principal balance plus 0% to 5% thereafter	Lien on financed equipment; personal guaranty	Unpaid balance	Lender can repossess and resell equipment

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

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

A. Pre-Opening Assistance

Before you open your Studio:

1. We will provide you (or, if you are an entity, your Operating Principal), as well as your Designated Manager (if appointed) of your Studio, with our proprietary Initial Training Program, that at least you (or, if appropriate, your Operating Principal) will need to complete prior to opening your Studio. We will typically provide the Initial Training Program within the thirty (30) days prior to your Studio opening, but that timing will be subject to the availability and schedules of our training personnel. We will provide the Initial Training Program at our corporate headquarters or other training facility we designate. (Franchise Agreement, Section 5.5). We will also provide you or another individual you designate as your prospective Authorized Instructor with our Instructor Bridge Training Program as described more fully below in this Item. (Franchise Agreement, Section 5.5)

2. If the Authorized Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will work with you to designate a geographical area within which you must secure an Authorized Location for your Studio ("Designated Market Area"). (Franchise Agreement, Section 1.2).

3. Prior to you attending your required initial training, we will loan you one copy of the Manual, which contains mandatory and suggested specifications, standards and procedures. The Manual is confidential and remains our property. We may modify the Manual. (Franchise Agreement, Section 6.3). The Table of Contents of the Manual is attached to this Disclosure Document as Exhibit F. The primary portion of the Manual currently consists of 148 pages.

4. We will provide you (through the Manual or otherwise) with specifications for the layout and design of the Studio (Franchise Agreement, Section 6.1 and 6.3).

5. We will provide you (through the Manual or otherwise) with a list of the Pilates fitness equipment and gear, standard fixtures, furnishings, supplies, and signs to be used in the Studio, as well as a list of Approved Suppliers (Franchise Agreement, Section 6.5).

6. We will provide you with the Initial Inventory Kit and Furniture, Fixtures and Related Supplies at the time(s) we determine appropriate prior to your opening, provided you have timely paid for each of these items as required by your Franchise Agreement and as described more fully in this Disclosure Document. We may also work with the Approved Supplier from which you determine to lease the Exercise Equipment Package and our other Approved Suppliers for installing and shipping the same to provide you with that package, or, should you elect not to purchase such equipment outright, provide you with that package or facilitate your acquisition of the same from an Approved Supplier. (Franchise Agreement, Article 6).

7. We will license you the use of the then-current Marks we designate for use in connection with Studios (Franchise Agreement, Sections 4.1 and 4.2).

8. We will consult and advise you on the advertising, marketing and promotion for the Grand Opening of the Studio, including your implementation of the Initial Inventory Kit and other pre-sales activity you conduct in coordination with the Opening Support Program provided by our then-current Approved Supplier. (Franchise Agreement, Section 6.8).

Development Agreement

If you enter into a Development Agreement, we will designate your Development Area and subsequently review and provide our approval with regards to the premises you propose for each Studio location within the Development Area. (Development Agreement, Section 2.A and Exhibit A).

B. Site Selection Assistance and Time to Open

Site Selection Assistance

1. Traditional Studio

You must assume all costs, liabilities, expenses and responsibility in connection with: (i) locating, obtaining and developing a premises for your Studio; and (ii) constructing, equipping, remodeling and/or building out the premises for use as a Studio, all in accordance with our System Standards. If the Authorized Location for your Studio has not been identified at the time the Franchise Agreement is signed, we will assign you a Designated Market Area. (Franchise Agreement, Section 1.2).

We may provide you with: (i) our current written site selection guidelines, to the extent such guidelines are in place, and any other site selection counseling and assistance we determine is appropriate; and (ii) the contact information of any local real estate broker that we have an existing relationship with and that is familiar with our confidential site selection/evaluation criteria, if we know any such brokers in or around the Designated Market Area you are assigned. (Franchise Agreement, Section 1.2). We do not generally own the premises that System franchisees use for their Studio.

Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location. Ideally, the Authorized Location of your Studio will be a major, national-tenant, anchored commercial retail center that meets our then-current requirements for population density, demographics, available parking, traffic flow and entrance/exit from the site. The typical Studio will be at least 1,500 square feet and be in a rectangular shape of 25 feet by 60 feet. (Franchise Agreement, Section 1.2).

If you locate a site, we will approve or disapprove of the site after we receive any and all reasonably requested information regarding your proposed site from you. (Franchise Agreement, Section 1.2). We use a software program to evaluate the demographics of a market area for site selection approval. If we cannot agree on a site, we may extend the time for you to obtain a site, or we may terminate the Franchise Agreement.

We also have the right and opportunity to review any lease or purchase agreement for a proposed location before you enter into such an agreement. We may condition our approval of a given premises as an Authorized Location for your Studio on a number of conditions, including: (i) the lease for such location including the terms outlined in Section 7.2 of the Franchise Agreement and Exhibit 4, including any Collateral Assignment of Lease as set forth in our then-current Manual, to the Franchise Agreement in the lease for the location; and (ii) receiving a written representation from the landlord of the proposed premises that you will have the right to operate the Studio, including offering and selling the Approved Products and Approved Services, throughout the term of your Franchise Agreement. (Franchise Agreement, Sections 2.2.C and 7.2, and Exhibit 4).

You must secure an Authorized Location that we approve within 90 days of executing your Franchise Agreement for that Studio or we may terminate that Franchise Agreement. (Franchise Agreement, Section 1.2).

2. Non-Traditional Studio

If you enter into a Franchise Agreement with us for the right to operate a Non-Traditional Studio, we expect that we will be approving and designating the Non-Traditional Site as your Authorized Location in the governing form of Franchise Agreement at the time it is executed. As such, you will typically be required to enter into the appropriate form of agreement to occupy the Non-Traditional Site with the party that has the right to license the approved space within the host facility at issue at the same time you enter into the Franchise Agreement with us to govern that Non-Traditional Studio.

Time to Open: Franchise Agreement

1. Traditional Studio

We will authorize the opening of your Studio when (i) all of your pre-opening obligations have been fulfilled, (ii) pre-opening training has been completed, (iii) all amounts due us have been paid, (iv) copies of all insurance policies (and payment of premiums) and all other required documents have been received by us, and (v) all permits have been approved. (Franchise Agreement, Sections 5.4, 5.5, 6.2 and 10.4).

The typical length of time between the signing of the Franchise Agreement and the time you open your Studio is approximately three (3) to six (6) months. Your total timeframe may be shorter or longer depending on the time necessary to obtain an acceptable premises, to obtain financing, to obtain the permits and licenses for the construction and operation of the Studio, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Studio, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Studio, including purchasing any inventory or supplies needed prior to opening.

You are required to open your Studio within six (6) months of executing your Franchise Agreement, but we may agree in writing to provide you with an additional three (3) months to open your Studio if you (a) have already secured an approved premises for your Studio, and (b) are otherwise making diligent and continuous efforts to buildout and otherwise prepare your Studio for opening throughout the six (6) month period following the execution of your Franchise Agreement. If you do not open your Studio within the time period set forth in the Franchise Agreement, we will have the option to terminate your Franchise Agreement. (Franchise Agreement, Section 2.2.D).

2. Non-Traditional Studio

Given the Non-Traditional Site will be designated at the time the Franchise Agreement is executed, you must open your Studio to offer and provide Approved Services and Approved Services from the approve space within the Non-Traditional Site within three (3) months of signing that Franchise Agreement. We expect that the typical length of time to open a Non-Traditional Studio will be between one (1) and three (3) months from the date your Franchise Agreement is executed. You will be required to open and commence operations of your Studio within three (3) months of the date you execute your Franchise Agreement, unless we agree to a requested extension request you make in writing. If you do not timely open, we will have the right to terminate your franchise rights in connection with that Non-Traditional Studio (Non-Traditional Site Addendum, Section 3).

Time to Open: Development Agreement (if applicable)

If you have entered into a Development Agreement to open and operate multiple Studios, your Development Agreement will include a Development Schedule containing a deadline by which you must have each of your Studios open and operating. (Development Agreement, Exhibit A). Unless we agree otherwise in a separate

writing, you will be required to develop Studios at traditional sites in order to fulfill your Development Schedule obligations.

C. Our Obligations During the Operation of the Studio

Franchise Agreement

During the operation of your Studio:

1. We will specify or approve certain equipment and suppliers to be used in your Studio (Franchise Agreement, Sections 6.5 and 7.1).

2. We will provide additional training to you and any of your employees at your request. You are responsible for any and all costs associated with such additional training (Franchise Agreement, Section 6.2).

3. If you do not obtain and maintain appropriate insurance coverage, we may procure the coverage on your behalf. We will pass the cost onto you. (Franchise Agreement, Section 10.4)

4. We may institute various programs for auditing customer satisfaction and/or other quality control measures (Franchise Agreement, Section 8.2).

5. We (or our affiliates) will maintain and administer the Fund (Franchise Agreement, Section 9.1).

D. Advertising and Marketing

Advertising Generally

You are responsible for local marketing activities to attract members to your Studio. We require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet or otherwise. You must first obtain our advanced written approval before any form of co-branding, or advertising with other brands, products or services. (Franchise Agreement, Section 9.2)

You must strictly follow the social media guidelines, code of conduct, and etiquette as set forth in the Manual regarding social media activities. Any use of social media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. You will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or the Manual. (Franchise Agreement, Section 9.3)

Brand Development Fund

The Fund was established to promote Studios and help promote and develop our System and brand generally. As of the Issue Date, your Fund Contribution is two percent (2%) of your Studio's Gross Sales. Fund Contributions will be payable from the earlier of (a) the date your Studio opens, or (b) the date the Studio receives a payment from a client in connection with Approved Services to be provided at any point. We may increase the Fund Contribution upon 60 days' written notice to you. (Franchise Agreement, Sections 5.6 and 9.1).

The Fund is administered by us (or our affiliates) with the advice provided by the Marketing Fund Committee (the "MFC") pursuant to a charter agreement among us and the members of the MFC. Under the current charter, which is subject to change, System franchisees elect or appoint 2 members to the MFC to serve for a one-year term corresponding to the calendar year and we select 2 members to serve for a one-year term corresponding

to the calendar year. The 4-member MFC will, by a majority vote, assist us in determining the selection and placement of regional and national advertising. Each MFC member has one vote. If the MFC is deadlocked, our Brand President will break the deadlock with the deciding vote, which shall be binding. The Fund is maintained and operated by us (or our affiliates) with the assistance of the MFC to meet the costs of conducting regional and national advertising and promotional activities which are deemed most beneficial to the System. The MFC serves in an advisory capacity only. With the assistance of the MFC, we will direct all public relations, advertising and promotions with sole discretion over the message, creative concepts, materials and media used in the programs and the placement and allocation thereof. We have the power to form, change or dissolve the MFC. We will pay for these activities from the Fund. The Fund Contributions may be used for traditional advertising activities, such as website development, social media, public relations, advertising campaigns (television, radio, print or other media), or other promotions which will further develop and/or raise the awareness/visibility of our brand, System and Studio locations. (Franchise Agreement, Sections 6.8 and 9.1).

We are not obligated to ensure that Fund activities or dollars are spent equally, on a pro rata basis, either on your Studio, or all Studios in an area. A brief statement regarding the availability of System franchises may be included in advertising and other items produced using the Fund, but we do not otherwise expect to use the Fund primarily for any Franchise sales or solicitations as of the Issue Date.

We (and our affiliates) will have the right to make disbursements from the Fund, as we determine appropriate to cover the costs and expenses associated with the marketing, advertising and promotion of the brand, Marks, System, Studio locations and/or the Approved Products and Approved Services, including: the cost of formulating, developing and implementing advertising and promotional campaigns; the reasonable costs of administering the Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Fund; and/or creation, development and/or placement of any creative and/or implementation of any campaigns associated with the same. The Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Fund. We may retain independent certified public accountants to prepare an annual audit of the Fund, at the expense of the Fund, and send a copy of the audit to franchisees upon written request. Our company-owned or affiliate-owned Studios, if and when operating, are not required to contribute to the Fund at the same rate as franchisees. Should the Fund Contribution for the System decrease at any time, we have the right to reduce our contribution from company-owned or affiliate-owned Studios to the rate specified for franchised locations.

We are not required to spend all Fund Contributions in the fiscal year they are received. You agree to participate in all Fund programs. The Fund may furnish you with marketing, advertising and promotional materials; however, we may require that you pay the cost of producing, shipping and handling for such materials.

During the fiscal year ended on December 31, 2022, the Fund Contributions were expended as follows: 0.3% on production, 16.7% on administrative and implementation expenses, 0.9% on media and public relations, 81.6% on Internet-related matters and 0.6% on other expenses.

Local Advertising Requirement; Co-Ops

As part of your material obligations under your Franchise Agreement, you must expend at least $1,500 per month on marketing and advertising materials that we approve in connection with the promotion of your Studio within your Designated Territory (your "Local Advertising Requirement"). Upon our request, you must provide us with an accounting of your monthly expenditures associated with your Local Advertising Requirement, along with invoices and other relevant documentation to support those expenditures. Please be advised that the Local Advertising Requirement is only the minimum amount you must expend each month, and we encourage you to expend additional amounts on the local promotion of your Studio. We are not required to spend any amount on advertising within your Designated Territory.

We have not yet established a local or regional Co-Op. We may, in the future, decide to form one or more associations and/or sub-associations of Studios to conduct various marketing-related activities on a cooperative basis. If one or more Co-Ops (local, regional and/or national) are formed covering your Authorized Location, then you must join and actively participate. You may be required to contribute such amounts as are determined by such Co-Ops. (Franchise Agreement, Section 9.4).

Initial Marketing Spend; Opening Support Program

In addition to the Local Advertising Requirement, you will be required to expend a minimum of $15,000 in connection with pre-opening sales activities and other initial launch promotional activities designed to increase visibility of your Studio within your Designated Territory. You may be required to expend all or some portion of these funds on products/services received from an Approved Supplier we designated or approve, and all materials used in connection with your grand opening campaign must be approved by us if not previously designated for use. We expect that you will typically be required to expend these amounts in the 30-60 days prior to opening and in the 30-day period following the opening of your Studio. (Franchise Agreement, Section 9.2).

Your Pre-Sales Phase and Opening Support Program must commence once your real estate lease is signed. The Opening Support Program is provided by our third-party Approved Supplier and is currently overseen by our internal marketing and sales departments. Participation in the Opening Support Program is mandatory, and we may require you to expend certain amounts on services or content that is supplied by one (1) or more of our Approved Supplier(s). The Initial Marketing Spend will not count towards your Local Advertising Requirement.

E. Training

Initial Training Programs (for Owner/Operator or, if appropriate, Designated Manager)

Prior to opening your Studio, you must ensure that: (i) you (or, if you are an entity, your Operating Principal) completes our Initial Training Program, which will typically last 2-3 business days at our corporate headquarters or another training facility we designate (most likely in California); and (ii) your Designated Manager (if appointed) attend and complete the Designated Manager Training Program. While there is no specific deadline by which the training above must be completed, you (or, if you are an entity, your Operating Principal) and your Designated Manager (if appointed) must complete all of the training obligations prior to opening your Studio.

In the event you are the owner of multiple Studios or otherwise wish to appoint a third-party individual to manage the day-to-day operations of your Studio, then that individual (a "Designated Manager") must (a) attend and complete at least the Designated Manager Training Program (and, if he/she meets the Instructor Eligibility Criteria and wishes to provide the Approved Services, the Instructor Bridge Training Program described below in this Item), and (b) otherwise be approved by us, before assuming any management responsibility at your Studio. (Franchise Agreement, Sections 5.5 and 6.2).

We do not charge a tuition or training fee for you or your designated trainees (you or your Operating Principal and Designated Manager (if appropriate)) to attend the appropriate training program(s) below, provided these individuals attend or otherwise complete such training prior to the opening of your Studio. You will be responsible for the costs and expenses associated with these individuals attending our Initial Training Program. (Franchise Agreement, Section 5.5).

Our primary initial training programs as of the Issue Date of this Disclosure Document are described below:

TRAINING PROGRAMS

Initial Training Program (or "Owner/Operator Module")			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
History and Philosophy	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Real Estate	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Construction	1.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Expectations and Obligations	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Studio and Equipment Set- Up and Support	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Education and Training	4.75	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Products	1.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Intro to Studio Management Software	1.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Sales and Operations	3.5	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Finance	3	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Staffing and HR Support	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Marketing	4	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Training Re-Cap and Summation	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Test	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
TOTAL	**27.75**	**0**	

Designated Manager Training Program			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Ingredients of a Successful GM	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Club Ready Software	3	0	At our headquarters (Irvine, CA) or at a location to complete training virtually

Designated Manager Training Program			
Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Prospect Generation	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Pre-Sale, Soft Open, and Grand Open	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Retail Sales	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Education and Teacher Training Program	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Sales Process: Intro Classes and Memberships	4	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Marketing	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Private Training Sales	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Sales: Roll-Play & Agreement Write-Up	2	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Club Pilates Signature Class	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
"What Not to Do"	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
Comprehension Exam	1	0	At our headquarters (Irvine, CA) or at a location to complete training virtually
TOTAL	**22**	**0**	

Instructor Bridge Training Program – Pre-Opening for Initial Authorized Instructors

In addition to completing the training program(s) as appropriate, you must ensure that one (1) or more individuals that (a) meet the Instructor Eligibility Criteria, and (b) are expected to provide the "Authorized Instructors" initially providing Approved Services at your Studio, participate in and complete the Instructor Bridge Training Program that, as of the Issue Date, is provided remotely via an online learning management system that we designate and require you to utilize to participate in and complete such training, which (a) is designed to provide instruction of the provision of the Approved Services in accordance without System Standards and Studio equipment, and (b) we estimate will typically include between nine (9) and twelve (12) hours of instruction.

Our Instructor Bridge Training Program is an instructor onboarding training. It is for all instructors you and other System franchisees engage to work at a Studio location. Instructor Bridge Training is not a Pilates certification nor is it meant to fill in gaps for non-comprehensive instructors. Remember, our franchise offering assumes that any prospective Authorized Instructor you wish to involve in your Studio operations will already meet the Instructor Eligibility Criteria prior to any involvement with your Studio.

Our primary instruction materials include videos, online training, and a training manual prepared specifically for Instructor Bridge Training.

Tianna Strateman will oversee the portions of the initial training described above that are not provided remotely. Ms. Strateman has 5 years of experience with Predecessor (and now us) and the Club Pilates brand, and she has over 15 years of experience in the fitness industry and topics of instruction above generally.

We may substitute other instructors to provide certain parts of the Owner/Operator Module or Instructor Bridge Training Program, but these individuals will have all completed the appropriate portion of the Initial Training Program on which they provide instruction.

On-Site Grand Opening Assistance (Discretionary)

Around the time you first open your Studio, we may send one (1) or more representatives to your Studio to (a) provide assistance and recommendations regarding your opening and initial operations, and/or (b) provide additional or refresher training associated with any required initial training described above in this Item, as we deem appropriate in our discretion. If we determine to provide such on-site assistance, it will typically last between 1-2 business days and we may require that you cover the costs our representatives incur in connection with such assistance.

We do not generally expect or intend to provide any kind of On-Site Opening Assistance in connection with a Non-Traditional Studio given such Studio rights would only be awarded after you have commenced operations of the traditional Studio that has a Designated Territory encompassing the Non-Traditional Site from which this kind of Non-Traditional Studio is opened and operated.

Teacher Training Program – Fees and Involvement of Franchisor

As part of the Approved Services, we will permit you to provide the Teacher Training Program at your Studio, provided you have an individual that meets the Instructor Eligibility Criteria and has (a) completed our Instructor Bridge Training Program, and (b) otherwise met our then-current criteria to serve as a "Master Instructor" of the Teacher Training Program (which, as previously disclosed, will be set forth in the Operations Manual or supplementary Manual). The Teacher Training Program typically involves 500 hours of instruction, including: (i) 150 hours of online "classroom/webinar" training (the "Webinar Training") that can be completed remotely (at home or at your Studio or other local Studio that is authorized to provide the Teacher Training Program); and (ii) approximately 350 hours of practical, "hands-on" training, some of which can be completed at home and some of which must be completed at a Studio that is authorized to provide the Teacher Training Program. (Franchise Agreement, Section 5.5).

Presently, the Studios in our System typically charge a fee of $4,995 for an individual that signs up to attend the Teacher Training Program. As disclosed in Item 6, we receive $2,100 of that $4,995 fee as consideration for that individual to have access to our proprietary Webinar Training (and any other materials we determine appropriate in connection with the Teacher Training Program). The remaining $2,895 is paid to the Studio where the individual obtains the rest of the Teacher Training Program instruction, which may be your Studio (provided we have approved one of your instructors as a "Master Instructor" or you retain the services of a Club Pilates "Master Instructor" in your areas to conduct Teacher Training at your Studio). (Franchise Agreement, Section 5.5).

While you could technically hire individuals to serve as instructors and have them go through the entire Teacher Training Program, we expect and strongly recommend that you instead hire only individuals that already meet the Instructor Eligibility Criteria and that will only need to complete our Instructor Bridge Training Program before they can begin providing the Approved Services at your Studio.

Our standard franchise offering assumes that your initial Authorized Instructors will already meet the Instructor Eligibility Criteria at the time they commence working with the Studio and prior to attending our Instructor Bridge Training Program. Please note, however, that: (i) we will describe the proprietary Teacher Training Program that can be provided as part of a Studio's Approved Services in our Operations Manual or other written materials that we provide to you; and (ii) we may permit you to have one (1) or more instructors complete the Teacher Training Program while you are securing an approved premises for your Studio and otherwise developing that Studio for opening (but this may involve a higher investment than our standard franchise offering described in Item 7).

Additional Training in Connection with Operation of the Studio; Instructor Bridge Training Program for Instructors – Ongoing

We may also provide, and require that you (and your Operating Principal and Designated Manager, as appropriate) attend, up to five (5) days of additional training each year at our designated training facility. We will not charge any training fee in connection with such training that we require you to attend. (Franchise Agreement, Section 5.5).

You may request that we provide certain additional or refresher training to you, either at one (1) of our designated training facilities or on-site at your Studio. We may charge you our then-current training fee based on the number of days of such training that we provide at your request (regardless of location). (Franchise Agreement, Section 5.5).

In the event you have instructors hired over time, they must complete the Instructor Bridge Training Program prior to providing any classes or otherwise performing any Approved Services at your Studio.

You will be responsible for the costs and expenses associated with you and your designated personnel attending any such additional training described in this Item. (Franchise Agreement, Section 5.5).

F. <u>Computer System - Hardware and Software</u>

You must acquire a computer for use in the operation of the Studio. You must record all of your receipts, expenses, invoices, member lists, class and employee schedules, and other business information promptly in the computer system and use the software that we specify or otherwise approve. Currently, we have a designated business management software that must be used in connection with your Studio operations, which is an online/web-based program designed for use in connection with class scheduling, processing member credit and debit card payments, keeping your business records and generating business reports among other things. At this time, we have approved no other compatible program but we may do so at our sole discretion. If the approved supplier for the required software changes, you must migrate your operations to the new required software at our direction. The details of these standards and requirements will be described in the Manual or otherwise in writing and may be modified in response to changes in marketing conditions, business operating needs, or technology. (Franchise Agreement, Sections 5.4, 5.7 and 10.3).

You must allow our approved supplier to upgrade the proprietary database configuration of the required software for the computer in your Studio as we determine necessary. Our approved supplier may provide you periodic updates to maintain the software and may charge a fee for preparing the updates and maintaining the software. There are no limitations on the frequency and cost of the updates. The system is designed to enable us to have immediate, independent access to the information monitored by the system, and there is no contractual limitation on our independent access or use of the information we obtain. (Franchise Agreement, Sections 5.4 and 10.3).

You must purchase, lease, and maintain such computer hardware and software, dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), speakers, and other computer-related accessories or peripheral equipment as we may specify, for the purpose of, among other functions, recording Studio sales, scheduling classes, and other functions that we require. You must provide such assistance as may be required to connect your computer system with a computer system used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information from your computer system as we, in our sole and exclusive discretion, consistent with consumer privacy laws, deem necessary. You must operate your computer system in compliance with certain security standards specified and modified by us. In view of the interconnection of computer systems and the necessity that such systems be compatible with each other, you expressly agree that you will strictly comply with our System Standards for all item(s) associated with your computer system, and will otherwise operate your computer system in accordance with our System Standards. (Franchise Agreement, Sections 5.4 and 10.3).

To ensure full operational efficiency and optimal communication capability between and among computer systems installed by you, us, and other franchisees, you agree, at your expense, to keep your computer system in good maintenance and repair, and following our determination that it will be economical or otherwise beneficial to the System to promptly install such additions, changes, modifications, substitutions and/or replacement to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related facilities, as we direct.

We may require you to update or upgrade any computer hardware or software during the term of the Franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation.

The approximate cost of the Computer System including a computer or tablet computer, hardware and software is approximately $2,500 to $3,500, which we may require you acquire from one (1) or more of our Approved Suppliers. There is no initial fee to obtain the software. The approximate cost of any annual maintenance upgrades or updates or maintenance support contracts varies widely from $0 to $800, which does not include (a) our then-current Technology Fee (currently, $550/month), or (b) the then-current fee charged by our Approved Supplier for the Studio management software (currently, $269/month), or (c) the fees associated with any other Required Software we designate in the future for use in connection with your Studio. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates, and any such obligations would be those of the software licensors.

The Computer System components and ongoing requirements associated with that system will be the same for a Non-Traditional Studio, and you will be required to ensure that the Gross Sales and other financial information associated with that Non-Traditional Studio must be reported separately and distinctly from any other Studio.

ITEM 12
TERRITORY

Franchise Agreement

Traditional Studio: Authorized Location and Designated Territory

You will operate your Studio at the Authorized Location. Once you have identified your Authorized Location and we accept the proposed site, we will designate the Designated Territory around the Authorized Location within which you will have certain protected rights.

You will not be permitted to relocate your Studio without our prior written approval, which may be withheld in our discretion. You will be assessed a relocation fee of $5,000 at the time you submit the proposed location for your relocated Studio. Generally, we do not approve requests to relocate your Studio after a site selection has been

made and you have opened for business unless (a) it is due to extreme or unusual events beyond your control, and (b) you are not in default of your Franchise Agreement. If we approve your relocation request, we retain the right to approve your new site location in the same manner and under the same terms that are applied to your first site selection.

Designated Territory

Your Designated Territory will typically contain a maximum of 50,000 people which will be approximately a two-mile radius around your Studio's Authorized Location, unless your Studio is located in a major metropolitan downtown area or similarly situated/populated central business district (a "Central Business District"). If your Studio is located in a Central Business District, your Designated Territory will typically contain up to 50,000 people but may be limited to a geographic area comprised of anywhere from a radius of two blocks to two miles around your Studio, as we deem appropriate in our discretion. The size of your Designated Territory may vary from the territory granted to other franchisees based on the location and demographics surrounding your Studio.

The boundaries of your Designated Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. If we determine, in our discretion, to base your Designated Territory on population, then the sources we use to determine the population within your Designated Territory will be supplied by (a) the territory mapping software we determine to license or otherwise use, or (b) publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

As long as you are in compliance with your Franchise Agreement, we will not operate, or grant a license to a third-party to operate, during the term of your Franchise Agreement, a Studio located within the Designated Territory, subject to our reservation of rights below.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future Studios, using any of the other brands or Marks that we now, or in the future, may offer, and we may operate or license Studios or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to your Designated Territory and whether or not they provide services similar to those that you offer. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we may be involved, now or in the future. Your Designated Territory will not be modified by us for any reason so long as you are not in default of your Franchise Agreement, except in cases where (a) your requested relocation of your Studio is approved and you relocate, and/or (b) at the time of any requested renewal or proposed assignment of the franchise, the population of the Designated Territory is over 50,000. In such cases, we may move or modify the size of your Designated Territory.

Non-Traditional Studio

If you are awarded the right to operate a Non-Traditional Studio, your Authorized Location will be your Non-Traditional Site; and you will not receive a Designated Territory beyond the space within the Non-Traditional Site where the Studio is being operated.

Rights Within and Outside the Designated Territory

While you and other Studios will be able to provide the Approved Services to any potential client that visits or otherwise reaches out to your Studio, you will not be permitted to actively solicit or recruit clients outside your Designated Territory, unless we provide our prior written consent.

You will not be permitted to advertise and promote your Studio via advertising that is directed at those outside your Designated Territory without our prior written consent, which we will not unreasonably withhold provided (a) the area you wish to advertise in is contiguous to your Designated Territory, and (b) that area has not been granted to any third party in connection with a Studio (or Development Agreement) of any kind.

We may choose, in our sole discretion, to evaluate your Studio for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, and secret shopper reports). You must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Your employees, including independent contractors, must meet minimum standards for courteousness and customer service.

Minimum Gross Sales Quota(s)

Traditional Studio

Unless waived by us due to unique market conditions, you must meet a certain minimum monthly Gross Sales quota (the "Minimum Monthly Gross Sales Quota"), as follows: (i) you must achieve and maintain trailing 12-month average monthly Gross Sales of $30,000 by the 1st anniversary of the opening of your Studio; and (ii) you must achieve and maintain trailing 12-month average monthly Gross Sales of $40,000 by the 2nd anniversary and each successive anniversary of the opening of your Studio. If you fail to meet the Minimum Monthly Gross Sales Quota for 36 consecutive months at any time during the term of your Franchise Agreement, we, in our discretion, may institute a mandatory corrective training program or terminate your Franchise Agreement upon written notice to you.

Non-Traditional Studio Operating from a Non-Traditional Site

Under the Non-Traditional Studio offering in this Disclosure Document, we do not impose a minimum Gross Sales Quota in connection with your operations and we do not condition your territorial rights on your Non-Traditional Studio meeting certain revenue levels. As previously disclosed in this Item, your Designated Territory rights in connection with a Non-Traditional Studio will only extend to the space within the non-traditional site where the Non-Traditional Studio has the right to operate.

Development Agreement

If you are awarded the right to acquire multiple Franchises for Studios under our form of Development Agreement, then we will provide you with a Development Area upon execution of the Development Agreement. The size of your Development Area will substantially vary from other System developers based on: (i) the number of Studios we grant you the right to open and operate; and (ii) the location and demographics of the general area where we mutually agree you will be opening these Studios. The boundaries of your Development Area may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map attached to the Development Agreement.

Each Studio you timely open and commence operating under our then-current form of franchise agreement will be operated: (i) from a distinct site located within the Development Area; and (ii) within its own Designated Territory that we will define once the site for that Studio has been approved.

As long as you are in compliance with your Development Agreement, we will not operate, or grant a license to a third-party to operate, during the term of your Development Agreement, a Studio located within the Development Area, and we will not grant anyone else the right to develop Studios within the Development Area, subject to our reservation of rights below.

You must comply with your development obligations under the Development Agreement, including your Development Schedule, in order to maintain your development rights within the Development Area. If you do not comply with your Development Schedule, we may terminate your Development Agreement and any further development rights you have under that agreement. Otherwise, we will not modify the size of your Development Area except by mutual written agreement signed by both parties.

Reserved Rights

We and our parents/affiliates reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Development Agreement (as appropriate): (i) establish and operate, and license any third party the right to establish and operate, other Studios and Studios using the Marks and System at any location outside of your Designated Territory(ies) and, if applicable, Development Area; (ii) market, offer and sell products and services that are similar to the products and services offered by the Studio under a different trademark or trademarks at any location, within or outside the Designated Territory(ies) and, if applicable, the Development Area; (iii) use the Marks and System, as well as other such marks we designate, to distribute any Approved Products and/or Approved Services in any alternative channel of distribution, within or outside the Designated Territory(ies) and Development Area (including the Internet and other e-commerce channels and streaming platforms; wholesale stores, retail stores, catalog sales, etc.) as further described below; (iv) to acquire, merge with, or otherwise affiliate with, and after that own and operate, and franchise or license others to own and operate, any business of any kind, including, without limitation, any business that offers products or services the same as or similar to the Approved Products and Approved Services (but under different marks), within or outside your Designated Territory(ies) and, if applicable, Development Area; (v) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if applicable, your Development Agreement; and (vi) open and operate, or license third parties the right to open or operate, Studios at "Non-Traditional Sites" both within and outside the Designated Territory and, if applicable, Development Area. In light of these reservations of rights:

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Neither the Franchise Agreement nor the Development Agreement grants you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our parent/affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory.

Internet Sales / Alternative Channels of Commerce

We may sell products and services to members located anywhere, even if such products and services are similar to what we sell to you and what you offer at your Studio. We may use the internet or alternative channels of commerce to sell products and services branded with the Marks. You may only sell the products and services from your Studio's Authorized Location, and may only use the internet or alternative channels of commerce to offer or sell the products and services, as permitted by us, in order to register members for classes. We may require you to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet or otherwise. We retain the right to approve or disapprove of such advertising, in our sole discretion. Any use of social media by you pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. We may "occupy" any social media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a system-wide Facebook page). At our request, you will promptly modify or remove any online communication pertaining to the Studio that does not comply with the Franchise Agreement or the Manual. You

are not prohibited from obtaining members over the Internet provided your Internet presence and content comply with the requirements of the Franchise Agreement.

Additional Disclosures

Neither the Franchise Agreement nor the Development Agreement provides you with any right or option to open and operate additional Studios (other than as specifically provided for in your Development Agreement if you are granted multi-unit development rights). Regardless, each Studio you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. We have not established, nor do we presently intend to establish, other franchised or company-owned businesses that are similar to the Studio and that sell our Approved Products and Approved Services under a different trade name or trademark, but we may do so in the future without your consent. Certain of our affiliates are involved with franchising and other activities as previously disclosed in Item 1 of this Disclosure Document, and such affiliates may continue conducting franchising and other activities.

There is no mechanism for resolving any conflicts that may arise between franchised or company-owned studios that operate under any of the Xponential Brands, including any Studio. Any resolution of conflicts regarding location, customers, support, or services will be entirely within your and our business judgment. While we do not anticipate conflicts between franchisees of different brands, we will analyze any future conflict and take action (if any) that we deem appropriate.

ITEM 13
TRADEMARKS

We grant you the right to use the Marks we designate for use in connection with your Studio as part of the license rights you are granted under each Franchise Agreement you enter into with us, provided you only use the Marks in connection with your Studio operations and in strict accordance with the terms of your Franchise Agreement and any Manual or other written directives from us. The following Marks are registered and owned by us on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date
CLUB PILATES (Word Mark)	5,304,311	October 10, 2017
CLUB PILATES	5,320,155	October 31, 2017
CLUB PILATES	5,320,156	Oct. 31, 2017

Mark	Registration Number	Registration Date
CLUB PILATES	4,406,173	September 24, 2013
	5,090,777	November 29, 2016
DO PILATES. DO LIFE. (Word Mark)	5,337,925	November 21, 2017
DO PILATES. DO LIFE.	5,337,927	November 21, 2017
DO PILATES. DO LIFE.	5,337,929	November 21, 2017

We expect and intend to submit all affidavits and other filings necessary to maintain the registrations above. There are no presently effective determinations of the United States Patent and Trademark Office, the trademark administrator of any State, or any court, nor any pending material litigation involving any of the Marks which are relevant to their use in any State. There are no pending interference actions or opposition or cancellation proceedings that significantly limit our rights to use or license the use of the Marks in any manner material to the System. We have filed all required affidavits for the Marks and will continue to do so.

You must follow our rules when you use the Marks. You cannot use our name or any of the Marks 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 an unauthorized product or service or in a manner not authorized in writing by us. You must not use any other trade names or trademarks in the operation of the Studio without first obtaining our written consent. You must not establish a website on the Internet using any domain name containing the Marks or any variation thereof without our written consent. We retain the sole right to advertise on the Internet and create a website using the Marks as domain names.

If it becomes advisable, in our sole discretion, for us to modify or discontinue use of any of the Marks, or use one or more additional or substitute Mark, you must comply with our directions to modify or otherwise discontinue the use of such Mark within a reasonable time after notice by us. We will not be obligated to compensate you for any costs you incur in connection with any such modification or discontinuance.

You cannot seek to register, re-register, assert claim to ownership of, license or allow others to use or otherwise appropriate to itself any of the Marks or any mark or name confusingly similar to them, except insofar as such action inures to our benefit and has our prior written approval. Upon the termination or cancellation of the Franchise Agreement, you must discontinue use of the Marks, remove copies, replicas, reproductions or simulations

thereof from the premises and take all necessary steps to assign, transfer, or surrender to us all Marks which you may have used in connection with the Franchise Agreement.

You must immediately notify us of any apparent infringement of or challenge to your use of the Marks. Although not obligated to do so, we will take any action deemed appropriate and will control any litigation or proceeding. You must cooperate with any litigation relating to the Marks which we or our affiliates, or the licensor, might undertake.

We are not aware of any prior superior rights or infringing uses that would materially affect your use of the Marks. However, there is always a possibility that there might be one or more businesses, similar to the business covered by the Franchise, operating in or near the area(s) where you may do business, using a name, trademark and/or trade dress similar to the Marks and with superior rights to the name and/or trademark. We strongly urge you to research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any documents or make any binding commitments. If you do not research the possibility of other trademarks in this business, you may be at risk.

There are no agreements currently in effect, which significantly limit our rights to use or license the use of the Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You do not receive the right to use any item covered by a patent or copyright, but you can use the proprietary information in the Manual. Item 11 describes the Manual and the limitations on the use of the Manual by you and your employees.

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights on certain forms, advertisements, promotional materials, software source code and other Confidential Information as defined below.

There currently are no effective determinations of the United States Copyright Office (or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. Finally, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

All information relating to the System and to the development and operation of Studios (including your Studio), including, without limitation, the Manual, our training programs, members and supplier lists, customer data, or other information or know-how distinctive to the development or operation of a Studio (all of the preceding information is the "Confidential Information") is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to us or our affiliates. We disclose to you Confidential Information needed for the operation of a Studio, and you may learn additional information during the term of your franchise. We have all rights to the Confidential Information and your only interest in the Confidential Information is the right to use it under your Franchise Agreement.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your Studio under a Franchise Agreement; maintain the confidentiality of the Confidential Information; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and follow all prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information.

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to the Studio that you or your employees conceive or develop.

You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to Studios or the Franchise that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, etc. without compensation or other obligation.

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

Under the Franchise Agreement, we recommend, but do not require, that you (or, if you are an entity, the Operating Principal) personally supervise the Studio. You may appoint a Designated Manager we approve to manage daily operations of your Studio. We will not unreasonably withhold our approval of any Designated Manager you propose, provided the individual has successfully completed the Designated Manager Training Module of our Initial Training Program and, if that individual will be providing any Approved Services, the Instructor Bridge Training Program (or, if necessary, the full Teacher Training Program). Once approved, your Designated Manager may assist in the direct, day-to-day supervision of the operations of the Studio, or to be the on-premises supervisor if you choose not to personally supervise the Studio. If you are a business entity, your Designated Manager need not hold an ownership interest in the business to be the on-premises supervisor.

You are solely responsible for the hiring and management of the Studio employees, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of any Designated Manager involved in the operation of the Studio and their contact information. Your Studio must, at all times, be managed by and staffed with at least one (1) individual who has successfully completed the Owner/Operator Module of our Initial Training Program.

You and your managers and employees must comply with the confidentiality provisions described in Item 14. If you are a legal entity, having more than one owner, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 10% or greater interest in the Studio must execute a Guaranty.

You will be solely responsible for all employment-related decisions associated with your Studio personnel, including hiring, firing, scheduling and compensation. Nothing in the Franchise Agreement or Development Agreement is intended, or may be construed to, establish or create any kind of employer-employee or joint employer relationship between (a) us, and (b) you and your personnel.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell, only and all those Approved Products and Approved Services, and deal only with those Approved Suppliers, that we authorize or require. Principally, this means you must purchase the amount and type of equipment, including Pilates Reformers, a Pilates Ballet Bar, Spring Boards, EXO Chairs, TRX equipment and other Pilates apparatuses and exercise equipment, and offer only those types of Pilates and exercise classes that we authorize. Failure to comply with our purchasing restrictions may result in the termination of your Franchise Agreement. We may supplement, revise and/or modify our Approved Products and/or Approved Services as we deem appropriate, as well as our System Standards associated with the provision of these products/services. These changes will be outlined in our Manual or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

You must ensure that only Authorized Instructors who have completed all required training are those that provide the classes and other Approved Services at your Studio. No other individuals may conduct such classes or provide any Approved Services.

If we discontinue any Approved Product or Approved Service offered by the Studio, then you must cease offering or selling such product/service within a reasonable time, unless such product/service represents a health or safety hazard (in which case you must immediately comply upon receipt of notice from us). You may not use the location of your Studio for any other business purpose other than the operation of your Studio.

You may not advertise, offer for sale or sell, any products and/or services that we have not authorized. We may change the types of authorized products and services at any time in our discretion. You agree to promptly undertake all changes as we periodically require, without limit, except we will not require you to thoroughly modernize or remodel the Studio any more often than once every 5 years. You will not make any material alterations to your Studio or its appearance as originally approved by us without our prior written approval.

You must refrain from any merchandising, advertising, or promotional practice that is unethical or may be injurious to our business and/or other Studios or to the goodwill associated with the Marks. Subject to the conditions set forth above, we do not impose any restrictions with regards to the customers to whom you may sell goods and services.

Subject to applicable law, and in accordance with your Opening Support Program and the System Standards, you must begin offering and selling memberships for your Studio upon commencement of the Pre-Sales Phase. You must offer, accept the use of, and ensure that you and your Studio personnel are aware of all then-current System policies and procedures related to member reciprocity amongst (a) other Studios that are part of the System, and/or (b) the Studios operated as part of the franchise systems in connection with the other Xponential Brands. Currently, you must offer and accept the use of the XPASS reciprocity program.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

A. Franchise Agreement

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3.1	10 years from the date the Franchise Agreement is signed, unless sooner terminated.
b. Renewal or extension of term	Section 3.2	You have the option to extend the term for two consecutive 5-year periods.

Provision	Section in Franchise Agreement	Summary
c. Requirements for renewal or extension	Section 3.2	To qualify for a renewal franchise, you must execute our then-current franchise agreement, which may contain terms and conditions that differ materially from those in the Franchise Agreement; maintain possession of the Authorized Location or secure an alternative location approved by us; remodel your Studio as necessary to comply with the System Standards; have substantially complied with the Franchise Agreement during its term; be in compliance with all provisions of the Franchise Agreement and any other agreements between you and us; pay the renewal fee ($10,000); give us no less than 90 days', nor more than 180 days', notice of your desire to acquire a renewal term; and sign a general release in substantially the form of Exhibit G to this Disclosure Document (subject to applicable state law).
d. Termination by franchisee	Not Applicable	Not applicable other than by applicable state law.
e. Termination by franchisor without cause	Not Applicable	The Franchise Agreement does not provide for termination without cause.
f. Termination by franchisor with cause	Section 15.1	We may terminate the Franchise Agreement upon delivery of notice to you if you default under the terms of the Franchise Agreement, as further outlined below.
g. "Cause" defined – curable defaults	Section 15.1	Under the Franchise Agreement, you have 30 days to cure: failure to obtain a required consent or approval; failure to comply with provisions of the Franchise Agreement other than for which a different cure period is specified or for which we may immediately terminate; failure to maintain required books and records; failure to manage your Studio; failure to pay us any amount due or to obtain adequate financing; failure to complete initial training; failure to maintain insurance; unauthorized provision of products and/or services; marketing or advertising failures; failure of Performance Standards, as defined in the Franchise Agreement; failure to engage Pre-Sales Phase activities; and use of unauthorized suppliers (subject to state law).

Provision	Section in Franchise Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 15.1	The following events constitute non-curable defaults: material misrepresentations or omissions; failure to properly establish and equip the premises; failure to complete training; conviction or plea of no contest to a felony or other crime or offense that can adversely affect the reputation of you, us or the Studio; make unauthorized disclosure of the Marks or Confidential Information; falsification of reports; abandonment of the business for 2 consecutive days unless otherwise approved; surrender of control of the business; unauthorized transfer; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; your misuse of the Marks; failure on 3 occasions within any 12 consecutive month period to pay amounts due or otherwise to comply with the Franchise Agreement; default of same provision 2 times within 6 months, regardless of cure; failure on 2 or more occasions in any 24 consecutive month period to offer only approved goods and services; violate any health, safety or sanitation law or conduct your operation in a manner creating a safety hazard; failure to open the Studio for business within 6 months of signing the Franchise Agreement, unless otherwise agreed in writing; loss of right to possess the location for the Studio; or violating the rights and restrictions of your territory; operating a Competing Business (defined below).
i. Franchisee's obligation on termination/non-renewal	Article 13 and Section 15.3	Your obligations include: stop operations of the Studio; stop using the Marks and items bearing the Marks; stop using the name "Club Pilates" in any form as part of your corporate name; assign any assumed names to Company; de-identify the premises from any confusingly similar decoration, design or other imitation of a Studio; stop advertising as a Club Pilates Franchise; pay all outstanding sums to us and our affiliates and third-parties; pay damages and costs we incur in enforcing the termination provisions of the Franchise Agreement; return the Manual and other Confidential Information to us; return all signs to us; assign your telephone and facsimile numbers, electronic mail and internet addresses to us; sell to us, at our option, all assets of the Studio, including inventory, equipment, supplies and items bearing the Marks, and assign us your lease; and comply with non-competition and non-interference covenants.
j. Assignment of contract by franchisor	Section 14.6	No restriction on our right to assign.
k. "Transfer" by franchisee definition	Section 14.1	Voluntary, involuntary, direct or indirect assignment sale, gift, encumbrance, pledge, delegation or other disposition of Franchise Agreement, ownership interests, your Studio, or your assets.

Provision	Section in Franchise Agreement	Summary
l. Franchisor approval of transfer by franchisee	Sections 14.1 and 14.2	Our prior written consent is required.
m. Conditions for franchisor approval of transfer	Section 14.2	You must be in compliance with all agreements, the System Standards, all contracts with any party; at our option, transferee must either (a) execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, to govern the franchise moving forward, or (b) assume all obligations under these agreements; transferee meet our then-current requirements and complete or agree to complete our training program for new franchisees (including payment of applicable training fee(s)); you or the transferee must pay our transfer fee of $10,000, except in the case of a transfer from an individual to a wholly owned entity ($500) or a transfer to an immediate family member ($1,500); you must sign our then-current form of general release; transferee must, at our election, sign our then-current form of franchise agreement; and transferee must complete initial training and pay any applicable fee(s).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.5	We have a right of refusal for any bona fide offer to acquire an interest in you, your Franchise Agreement, and/or your Studio.
o. Franchisor's option to purchase franchisee's business	Sections 14.5 and 15.3	On termination, we may purchase any or all of the assets of your Franchise at the lesser of (i) your costs for such assets less the cost of depreciation, or (ii) fair market value.
p. Death or disability of franchisee	Section 14.3	All interests must be transferred within six (6) months or such longer period we designate. We have the option to immediately appoint a manager and commence operating your Studio on behalf of you, in which case you will pay our reasonable costs and expenses.

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	Article 13	You must not be involved in: (i) any Competing Business; or (ii) any business that offers or grants franchises/licenses, or establishes joint ventures, for the operation of a Competing Business. You must not divert, or attempt to divert, any customer or prospective customer to a Competing Business in any manner. "Competing Business" means any fitness or exercise business, any fitness or exercise marketing or consulting business, any business offering products of a similar nature to those of the Studio, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses
r. Non-competition covenants after the franchise is terminated or expires	Article 13 and Section 15.3	Same requirements as are in place during the term of the Franchise Agreement, but instead of being global prohibitions, the restrictions remain in place for 2 years following the expiration/termination of your Franchise Agreement, and apply: (i) at the Authorized Location; and (ii) within a 10 mile radius of (a) the Authorized Location, or (b) any other Studio. Additionally, for a period of 2 years after termination of the Franchise Agreement, you must not (i) solicit business from customers of your former Studio, (ii) contact any of our suppliers or vendors for any competitive business purpose, or (iii) subject to and as permitted by state law, solicit any of our other employees, or the employees of our affiliates or any other System franchisee, to discontinue employment.
s. Modification of the Franchise Agreement	Article 19	The Franchise Agreement can be modified only by written agreement between us and you. We may modify the Manual and the System Standards.
t. Integration/merger clause	Article 19	Only the terms of Franchise Agreement, including its attachments and the System Standards, are binding. Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable (subject to state law).

Provision	Section in Franchise Agreement	Summary
u. Dispute resolution by arbitration or mediation	Article 16	You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our or, as applicable, our successor's or assign's then-current principal place of business (currently, Irvine, California) (subject to applicable state law). If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. Except for our right to seek injunctive relief in any court of competent jurisdiction and as otherwise described above, we and you must arbitrate all disputes at a location at our or, as applicable, our successor's or assign's then-current principal place of business (currently, in Irvine, California) (subject to state law).
v. Choice of forum	Section 16.6	Subject to the arbitration requirement, litigation must be brought in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) (subject to state law). However, we may seek injunctive relief in any court of competent jurisdiction.
w. Choice of law	Section 16.1	Except for the U.S. Trademark Act, the Federal Arbitration Act other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies (subject to state law).

B. <u>Development Agreement</u>

This table lists certain important provisions of the Development Agreement and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Development Agreement	Summary
a. Length of the term of the Development Agreement	Section 2.A, Exhibit A	The Development Schedule will dictate the amount of time you have to open a specific number of franchises, which will differ for each Developer.

Provision	Section in Development Agreement	Summary
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for developer to renew or extend	Not Applicable	Not Applicable
d. Termination by developer	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Article 8	We may terminate your Development Agreement with cause as described below.
g. "**Cause**" defined – curable defaults	Section 8.A	We may terminate your Development Agreement after providing notice and a 30-day cure period if you fail to comply with any provision of the Development Agreement (except as provided in (h) below), or a 10-day cure period if you fail to make any required payment to us.
h. "**Cause**" defined – non-curable defaults	Section 8.A	We may terminate your Development Agreement automatically upon written notice if: materially misrepresent or omit any information in connection with your application for your development rights; you become insolvent or make a general assignment for the benefit of creditors; file a bankruptcy petition or are adjudicated bankrupt; a bill in equity or appointment of receivership is filed in connection with you; a receiver or custodian of your assets of property is appointed; a proceeding for a composition of creditors is initiated against you; a final judgment is entered against you and not satisfied within 30 days; if you are dissolved, execution is levied against you; a suit to foreclose any lien or mortgage against any of your Studios is levied; the real or personal property of the Studio is sold after being levied upon; you fail to satisfy your Development Schedule; you or any of your principal officers, directors, partners, managing members or owners is convicted of a crime; you falsify any reports or information provided to us; you fail to comply with the non-competition covenants; you fail to comply with the same provision within a 6-month period or you fail to comply with the Development Agreement on 3 separate occasions in any 12-consecutive month period.
i. Developer's obligations on termination/ non-renewal	Section 8.C	Upon termination, all rights provided to you under the Development Agreement shall immediately cease and you must comply with all post-termination non-competitive restrictions.

Provision	Section in Development Agreement	Summary
j. Assignment of contract by franchisor	Section 9.A	No restriction on our right to assign.
k. "Transfer" by developer - defined	Section 9.B	Voluntary, involuntary, direct or indirect assignment sale, gift, encumbrance, pledge, delegation or other disposition of Development Agreement, ownership interests, your development rights, or your assets.
l. Franchisor approval of transfer by developer	Section 9.C	Our prior written consent is required.
m. Conditions for franchisor approval of transfer	Section 9.C	Our conditions for approving a transfer include: you must not be in default of the Development Schedule; the prospective transferee must meet our then-current standards for franchisees; you must pay us a transfer fee of $10,000 and any applicable broker fees due in connection with the transaction; you must sign a general release; you and the transferee must sign our form of consent to transfer pursuant to which, among other things and at our option, either (i) transferee agrees to execute our then-current form of area development agreement, or (ii) the Development Agreement is assigned to and assumed by the proposed transferee; no past due amounts owed to us; no outstanding default of the Development Agreement (or any other agreement with us); and the transfer must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements that were signed pursuant to the Development Agreement.
n. Franchisor's right of first refusal to acquire developer's business	Section 9.D	We will have a right of refusal for any bona fide offer to purchase any interest in you, the Development Agreement, and/or your development rights.
o. Franchisor's option to purchase developer's business	Not Applicable	Not Applicable
p. Death or disability of developer	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Article 6	You will have the same noncompetition restrictions as provided under the Franchise Agreement(s) you sign pursuant to the Development Agreement.

Provision	Section in Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 8.C	For two years after the expiration/termination, may not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, provide services to, or have any interest in or involvement with, any other Competing Business: (a) within the Development Area; (b) within 10 miles outside the boundaries of the Development Area, or (c) within a 10-mile radius of any Studio that is open, under lease or otherwise under development as of the date Development Agreement expires or is terminated or, as to a transferring owner, the date of such transfer.
s. Modification of the Development Agreement	Article 14	Your Development Agreement may not be modified, except by a writing signed by both parties.
t. Integration/merger clause	Article 14	Only the terms of the Development Agreement are binding (subject to applicable state law) and may only be modified to the extent required by an appropriate court to make the Development Agreement enforceable. Any representations or promises outside of the Disclosure Document and other agreements may not be enforceable. Notwithstanding the foregoing, nothing in any franchise agreement is intended to disclaim the express representations made in the Disclosure Document.
u. Dispute resolution by arbitration or mediation	Article 12	You must first submit all disputes and controversies arising under the Development Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes arising out of the Development Agreement must be submitted to non-binding mediation, which will take place at our or, as applicable, our successor's or assign's then-current principal place of business (currently, Irvine, California) (subject to applicable state law). If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. Except for our right to seek injunctive relief in any court of competent jurisdiction and as otherwise described above, we and you must arbitrate all disputes at a location at our or, as applicable, our successor's or assign's then-current principal place of business (currently, in Irvine, California) (subject to state law).
v. Choice of forum	Section 12.F	Subject to the arbitration requirement, litigation must be brought in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) (subject to state law). However, we may seek injunctive relief in any court of competent jurisdiction.

Provision	Section in Development Agreement	Summary
w. Choice of law	Section 12.A	Except for the U.S. Trademark Act, the Federal Arbitration Act other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies (subject to state law).

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit H, entitled State Specific Addenda, to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure or personality to promote the franchise being offered in this Disclosure Document.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Definitions

- "Gross Revenue" means the total revenue generated by a given Studio during a particular calendar month within the Measurement Period, including all revenue generated from the sale and provision of any and all approved services at, from, or otherwise through, that Studio. Gross Revenue excludes (i) sales tax (that the Studio owner must pay directly to the appropriate taxing authority), and (ii) revenue the Studio may have generated by providing the Teacher Training Program. Please note, Gross Revenue is defined differently than how "Gross Sales" is defined in the Franchise Agreement, and as such, the amount of Royalty fees you pay under the Franchise Agreement may be different than if applied to Gross Revenue data provided below.

- "Measurement Period" means the period beginning on March 1, 2022 and ending on February 28, 2023. Each month in the Measurement Period is an entire calendar month.

- "Non-Traditional Site" means any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations**)**.

- "Qualified Studio" means a Studio that was owned and operated by a franchisee for the entire Measurement Period (except for permitted temporary closures) and that was in operation for at least six (6) calendar months when its results began to be included in the data set and as of the end of the calendar month for which its results were included. Qualified Studios do not include Studios that operated at Non-Traditional Sites.

Data Set and Methodology

The chart below reflects the average Gross Revenue of Qualified Studios during each calendar month in the Measurement Period. We calculated the average Gross Revenue for each calendar month by adding the total amount of monthly Gross Revenue generated by Qualified Studios, then dividing that number by the number of Qualified Studios for that calendar month. We also show the range and median of monthly Gross Revenue for Qualified Studios for each respective calendar month. The range is the space between the lowest and highest monthly Gross Revenue amounts for the particular calendar month. The median is the middle monthly Gross Revenue amount for the particular calendar month. If there was an even number of Qualified Studios that were accounted for in the particular calendar month, the median is the average of the two middle data points.

The data presented below is data we obtained from monthly profit and loss reports provided to us by franchisees of Qualified Studios. In each case, the data used was the franchisee's data. Neither we nor our affiliates have undertaken an independent investigation to verify the data that was reported by franchisees.

[THE REST OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

The below provides the data relevant to Qualified Studios that, as of the particular calendar month, were open and operating for at least six (6) months:

	Mar-22	**Apr-22**	**May-22**	**Jun-22**	**Jul-22**	**Aug-22**	**Sep-22**	**Oct-22**	**Nov-22**	**Dec-22**	**Jan-23**	**Feb-23**
Number of Qualified Studios	653	658	668	675	680	684	689	696	705	717	729	736
Average Gross Revenue	$58,816	$59,406	$61,441	$62,817	$62,454	$64,689	$65,306	$66,509	$71,122	$69,457	$72,165	$71,124
Number of Qualified Studios that Met or Exceeded the Average	308 (47.2%)	299 (45.4%	308 (46.1%)	312 (46.2%)	318 (46.8%)	325 (47.5%)	315 (45.7%)	321 (46.1%)	322 (45.7%)	329 (45.9%)	343 (47.1%)	342 (46.5%)
Median Gross Revenue	$57,383	$57,989	$59,859	$61,243	$60,405	$63,515	$63,358	$64,931	$69,074	$67,648	$70,990	$69,430
Range of Gross Revenue[1]	$2,818 to $145,054	$8,548 to $161,927	$11,029 to $153,621	$12,441 to $160,635	$12,321 to $165,100	$11,838 to $182,930	$14,256 to $176,500	$17,152 to $177,153	$19,233 to $189,099	$18,465 to $188,086	$20,369 to $194,210	$20,582 to $207,562

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK]

Some Studios have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

You should consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Studio franchise.

Written substantiation for these financial performance representations will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Studio, 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 our management by contacting our Brand President, Mike Gray at Club Pilates Franchise SPV, LLC, 17877 Von Karman Ave., Suite 100, Irvine, CA 92614, or via telephone at (513) 815-8467, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
Systemwide Outlet Summary
for years 2020 to 2022[1]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised[2]	2020	553	601	+48
	2021	601	667	+66
	2022	667	756	+89
Company Owned	2020	0	5	+5
	2021	5	0	-5
	2022	0	8	+8
Total Outlets	2020	553	606	+53
	2021	606	667	+61
	2022	667	764	+97

1. The numbers are as of December 31 of each year in each of the tables provided in Item 20.
2. Since we have only started offering franchises for Studios as of the date of this Disclosure Document, the numbers provided in each of the tables provided in Item 20 are related to Studios under franchise agreements with, or owned and operated by, Predecessor.

TABLE 2
Transfer of Outlets from Franchisees to New Owners
for years 2020 to 2022

State	Year	Number of Transfer
AL	2020	0
	2021	0
	2022	2
AZ	2020	0
	2021	3
	2022	0
CA	2020	3
	2021	4
	2022	5
CO	2020	0
	2021	1
	2022	9
CT	2020	0
	2021	0
	2022	1
FL	2020	0
	2021	5
	2022	10
GA	2020	0
	2021	2
	2022	1
IA	2020	0
	2021	1
	2022	1
IL	2020	2
	2021	2
	2022	0
KS	2020	1
	2021	0
	2022	0
MA	2020	0
	2021	0
	2022	4
MD	2020	2
	2021	0
	2022	4
MO	2020	0
	2021	1
	2022	4
MT	2020	1
	2021	0
	2022	0

State	Year	Number of Transfer
NC	2020	0
	2021	1
	2022	1
NE	2020	0
	2021	2
	2022	0
NJ	2020	0
	2021	2
	2022	0
NV	2020	2
	2021	0
	2022	0
NY	2020	0
	2021	2
	2022	0
OH	2020	0
	2021	0
	2022	7
OK	2020	0
	2021	1
	2022	0
OR	2020	1
	2021	0
	2022	6
PA	2020	0
	2021	1
	2022	0
SC	2020	0
	2021	0
	2022	2
SD	2020	0
	2021	0
	2022	1
TX	2020	1
	2021	12
	2022	4
UT	2020	3
	2021	0
	2022	0
VA	2020	0
	2021	0
	2022	1
WA	2020	0
	2021	1
	2022	4

State	Year	Number of Transfer
WI	2020	0
	2021	0
	2022	4
Total	2020	16
	2021	41
	2022	71

TABLE 3
Status of Franchised Outlets
for years 2020 to 2022

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
AL	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
AR	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
AZ	2020	19	1	0	0	0	0	20
	2021	20	0	0	0	0	0	20
	2022	20	1	0	0	0	0	21
CA	2020	99	7	0	0	0	0	106
	2021	106	5	0	0	0	0	111
	2022	111	18*	0	0	0	0	129
CO	2020	22	1	0	0	0	0	23
	2021	23	0	0	0	0	0	23
	2022	23	2	0	0	0	0	25
CT	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
DC	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
DE	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
FL	2020	53	12	0	0	0	0	65
	2021	65	4	0	0	0	0	69
	2022	69	6*	0	0	0	0	75
GA	2020	15	1	0	0	0	0	16
	2021	16	0	0	0	0	0	16
	2022	16	4*	0	0	0	0	20
HI	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
IA	2020	1	0	0	0	1	0	0
	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
ID	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
IL	2020	25	0	0	0	0	0	25
	2021	25	2	0	0	0	0	27
	2022	27	0	0	0	0	0	27
IN	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
KS	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	0	0	0	0	0	5
KY	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
LA	2020	4	2	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
MA	2020	9	0	0	0	0	0	9
	2021	9	1	0	0	0	0	10
	2022	10	0	0	0	0	0	10
MD	2020	13	2	0	0	1	0	14
	2021	14	3	0	0	0	0	17
	2022	17	2	0	0	0	0	19
MI	2020	9	1	0	0	0	0	10
	2021	10	1	0	0	0	0	11
	2022	11	1	0	0	0	0	12
MN	2020	11	1	0	0	0	0	12
	2021	12	0	0	0	0	0	12
	2022	12	0	0	0	0	0	12
MO	2020	5	0	0	0	1	0	4
	2021	4	2	0	0	0	0	6
	2022	6	2	0	0	0	0	8
MS	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MT	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NC	2020	18	1	0	0	0	0	19
	2021	19	3	0	0	0	0	22
	2022	22	6	0	0	0	0	28
NE	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
NH	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NJ	2020	27	2	0	0	0	0	29
	2021	29	4	0	0	0	0	33
	2022	33	6*	0	0	0	0	39
NM	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
NV	2020	7	1	0	0	0	0	8
	2021	8	1	0	0	0	0	9
	2022	9	1	0	0	0	0	10
NY	2020	26	3	0	0	1	0	28
	2021	28	6	0	0	0	0	34
	2022	34	5	0	0	0	0	39
OH	2020	15	3	0	0	0	0	18
	2021	18	2	0	0	0	0	20
	2022	20	4	0	0	0	0	24
OK	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
OR	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	1	0	0	0	0	9
PA	2020	14	0	0	0	0	0	14
	2021	14	3	0	0	0	0	17
	2022	17	1	0	0	0	0	18
RI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State	Year	Outlets at the Start of the Year	Outlets Opened	Terminations	Non Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
SC	2020	8	0	0	0	0	0	8
	2021	8	2	0	0	0	0	10
	2022	10	1	0	0	0	0	11
SD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TN	2020	7	0	0	0	0	0	7
	2021	7	1	0	0	0	0	8
	2022	8	3	0	0	0	0	11
TX	2020	53	10	0	0	0	0	63
	2021	63	11	0	0	0	0	74
	2022	74	13	0	0	0	0	87
UT	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
VA	2020	16	1	0	0	0	0	17
	2021	17	2	0	0	0	0	19
	2022	19	1	0	0	0	0	20
WA	2020	11	1	0	0	1	0	11
	2021	11	4	0	0	0	0	15
	2022	15	0	0	0	0	0	15
WI	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
Total	**2020**	**553**	**53**	**0**	**0**	**5**	**0**	**601**
	2021	**601**	**66**	**0**	**0**	**0**	**0**	**667**
	2022	**667**	**89**	**0**	**0**	**0**	**0**	**756**

*Non-Traditional Studio (4 studios in California, 1 in Florida, 1 in Georgia and 2 in New Jersey) located within a LA Fitness facility opened in 2022.

TABLE 4
Status of Company-Owned Outlets
for years 2020 to 2022

State	Year	Outlets at the Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CA	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	7*	0	0	0	7
IA	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
MD	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
MO	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
NY	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	1*	0	0	0	1
WA	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
Total	2020	0	0	5	0	0	5
	2021	5	0	0	0	5	0
	2022	0	8	0	0	0	8

*Non-Traditional Studio located within a LA Fitness facility.

TABLE 5
Projected Openings as of December 31, 2022

State	Unit Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-owned Outlets in the Next Fiscal Year
AL	1	1	0
AZ	3	2	0
CA	20	12	0

State	Unit Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-owned Outlets in the Next Fiscal Year
CO	1	1	0
CT	3	2	0
DE	1	1	0
FL	13	8	0
GA	3	2	0
IA	1	1	0
ID	1	0	0
IL	6	4	0
IN	1	1	0
KY	2	1	0
MA	3	2	0
MD	2	2	0
ME	1	1	0
MI	4	2	0
MO	1	1	0
NC	3	2	0
ND	1	1	0
NE	2	1	0
NH	1	1	0
NJ	4	2	0
NY	10	6	0
OH	1	1	0
OK	1	1	0
PA	4	2	0
SC	4	2	0
TN	2	1	0
TX	7	4	0
UT	4	2	0
VA	9	5	0
VT	1	1	0
WA	4	2	0
WV	1	1	0
Total	**126**	**79**	**0**

A list of the names, addresses and telephone numbers of Predecessor's current franchisees as of the Issuance Date of this disclosure document is attached as Exhibit I. A list of the names, addresses and telephone numbers of Predecessor's franchisees who have had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with Predecessor within 10 weeks of the issuance date of this franchise disclosure document is attached as Exhibit J. As we commenced offering franchises as of the Issuance Date, we do not currently have any franchisee or former franchisee information to disclose.

In the last three fiscal years, Predecessor has required franchisees to enter into confidentiality agreements that restrict their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

If you buy the franchise offered in this disclosure document, your contact information may be disclosed to other buyers when you leave the franchise system.

Trademark–Specific Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system that require disclosure in this Item.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C is the audited consolidated opening balance sheet of Assetco as of March 15, 2023. Assetco was formed in March 2023, and therefore, is unable to provide three years of financial statements. We are a wholly-owned subsidiary of Assetco, and Assetco absolutely and unconditionally guarantees to assume our duties and obligations under the Franchise Agreements and Development Agreements entered into while we are the wholly owned subsidiary of Assetco. A copy of the Assetco guaranty is attached as Exhibit D. Our and Assetco's fiscal year ends on December 31 of each year.

ITEM 22
CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit A-1	Franchise Agreement and Exhibits	
	Exhibit 1	Ownership Interests; Designated Market Area; Authorized Location; Designated Territory
	Exhibit 2	Authorized Location Addendum
	Exhibit 3	Guarantee, Indemnification and Acknowledgment
	Exhibit 4	Addendum to Lease
Exhibit A-2	Non-Traditional Site Addendum	
Exhibit E	Statement of Prospective Franchisee	
Exhibit G	Form of General Release	
Exhibit H	State Specific Addenda	
Exhibit K	Development Agreement	

ITEM 23
RECEIPTS

Exhibit L contains detachable documents acknowledging your receipt of the Disclosure Document.

EXHIBIT A-1

FRANCHISE AGREEMENT

CLUB PILATES FRANCHISE SPV, LLC

CLUB PILATES®
FRANCHISE AGREEMENT

TABLE OF CONTENTS

1. GRANT OF FRANCHISE 1
1.1 Grant. 1
1.2 Site Approval Process. 1
1.3 Exclusivity for Designated Territory. 2
1.4 Rights Reserved to Franchisor. 2

2. ACCEPTANCE BY FRANCHISEE 3
2.1 Acceptance by Franchisee. 3
2.2 Conditions. 3

3. TERM AND SUCCESSOR FRANCHISES 4
3.1 Term. 4
3.2 Successor Franchises. 4
3.3 Holdover. 5

4. TRADEMARK STANDARDS 5
4.1 Ownership of Marks. 5
4.2 Use of Marks. 5
4.3 Litigation. 5
4.4 Modification, Discontinuance or Substitution. 6

5. FEES 6
5.1 Initial Franchise Fee. 6
5.2 Royalty Fee. 6
5.3 Gross Sales. 6
5.4 Equipment Package; Furniture, Fixtures and Related Supplies; Initial Inventory Kit; Pre-Sales Phase Expenditures; Studio Management Software. 6
5.5 Training Programs and Fees. 7
5.6 Fund Contribution. 8
5.7 Technology Fee. 9
5.8 Music Licensing Fee. 9
5.9 Other Amounts Due in Connection with the Studio. 9
5.10 Electronic Transfer; Right to Modify Collection Interval. 9
5.11 Interest and Late Charges. 9

6. FRANCHISOR SERVICES 10
6.1 General Guidance for Opening. 10
6.2 Training-Related Programs and Obligations. 10
6.3 Operations Manual. 11
6.4 Continuing Services. 11
6.5 Approved Lists. 12
6.6 Pricing. 12
6.7 Fund. 12
6.8 Approving Pre-Opening Support Program. 12

7. FACILITY STANDARDS, LEASE AND CONSTRUCTION 12
7.1 Facility Specifications. 12
7.2 Lease. 13
7.3 Unit Development. 13
7.4 Franchisee's Responsibility. 14

8. STUDIO IMAGE AND OPERATING STANDARDS 14
8.1 Compliance. 14
8.2 Franchisor's Right to Inspect. 14

8.3 Personnel. 15
8.4 Products and Services to be Offered for Sale. 15
8.5 Compliance with Laws. 17
8.6 Operational Efforts. 17
8.7 Performance Standards. 17

9. ADVERTISING AND MARKETING 18
9.1 Fund. 18
9.2 Initial Marketing Spend; Local Marketing Activities. 19
9.3 Social Media Activities. 20
9.4 Franchisee Marketing Groups 20

10. FINANCIAL REPORTS, AUDITS, COMPUTER SYSTEM AND INSURANCE REQUIREMENTS 20
10.1 Records and Reports. 20
10.2 Right to Conduct Audit or Review. 20
10.3 Computer System and Software. 21
10.4 Insurance 21

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION 22
11.1 Independent Contractor. 22
11.2 Indemnification 22

12. CONFIDENTIAL INFORMATION 23
12.1 Franchisor's Confidential Information. 23
12.2 Injunctive Relief. 23

13. COVENANTS NOT TO COMPETE 24
13.1 Non-Competition Covenants of Franchisee 24
13.2 Non-Solicitation Covenants. 24
13.3 Enforcement of Covenants. 25

14. TRANSFER OF INTEREST 25
14.1 Franchisor's Approval Required 25
14.2 Conditions for Approval of Transfer. 25
14.3 Death or Disability of Franchisee. 26
14.4 Relocation. 26
14.5 Franchisor's Right of First Refusal 26
14.6 Transfer by Franchisor 27

15. DEFAULT AND TERMINATION OF AGREEMENT 27
15.1 Termination of Franchise by Franchisor 27
15.2 Cross-Default. 30
15.3 Obligations of Franchisee upon Termination, Expiration or Non-Renewal. 30
15.4 Franchisor's Rights and Remedies in Addition to Termination. 31

16. RESOLUTION OF DISPUTES 32
16.1 Governing Law. 32
16.2 Internal Dispute Resolution. 32
16.3 Mediation. 32
16.4 Mandatory Binding Arbitration. 33
16.5 Other Proceedings (Right to Injunctive Relief). 34
16.6 Choice of Forum. 34
16.7 Waiver of Punitive Damages. 35
16.8 WAIVER OF JURY TRIAL. 35
16.9 WAIVER OF CLASS ACTIONS. 35

16.10 Attorneys' Fees and Costs. 35
16.11 No Withholding of Payments. 36
16.12 Limitation of Actions. 36
16.13 Third-Party Beneficiaries. 36
17. MISCELLANEOUS PROVISIONS 36
17.1 Severability. 36
17.2 Waiver and Delay. 36
17.3 Franchisor's Discretion 37
17.4 Notices. 37
17.5 No Recourse Against Nonparty Affiliates. 37
17.6 Non-Disparagement. 38
17.7 Security Interest. 38
18. ACKNOWLEDGMENTS 38
19. ENTIRE AGREEMENT 39

EXHIBITS

EXHIBIT 1 **OWNERSHIP INTERESTS; DESIGNATED MARKET AREA; AUTHORIZED LOCATION; DESIGNATED TERRITORY**

EXHIBIT 2 **AUTHORIZED LOCATION ADDENDUM**

EXHIBIT 3 **GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT**

EXHIBIT 4 **ADDENDUM TO LEASE**

CLUB PILATES®
FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made effective as of the Effective Date by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("Franchisor"), and the person or entity identified as the "Franchisee" in the signature blocks below ("Franchisee"). The Effective Date is the date Franchisor signs this Agreement as shown beneath its signature hereto.

RECITALS

Franchisor owns, administers and grants franchises for a system of fitness studios ("Club Pilates Studios") that are currently identified by and use the trademark "Club Pilates" and other related trademarks and service marks designated from time to time by Franchisor (the "Marks"), that reflect distinctive interior design and display procedures, and color scheme and décor (the "Trade Dress"), and that use certain of Franchisor's intellectual property including trade secrets, copyrights, confidential and proprietary information, and designated training and exercise methods and know-how, fitness equipment, furniture and fixtures, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, and personnel management systems (together with the Marks and Trade Dress, the "System"). Club Pilates Studios offer specialized instruction and related services that Franchisor authorizes from time to time (the "Approved Services") and offer and sell certain merchandise and other products Franchisor authorizes for sale from time to time (the "Approved Products").

Franchisee has requested that Franchisor grant it a franchise to own and operate a Club Pilates Studio and, to support its request, has provided Franchisor with certain information about its experience, skills and resources (the "Application Materials"). Franchisee has independently investigated the business contemplated by this Agreement and recognizes that the nature of the business may change over time.

Franchisor is willing to grant Franchisee's request on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of and reliance on the foregoing Recitals (which are incorporated herein by reference), the agreements described below, and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE

1.1 **Grant.** Franchisee agrees to, at all times, faithfully, honestly and diligently perform its obligations under this Agreement and to use its best efforts to promote its Club Pilates Studio (the "Studio") as described herein. Accordingly, Franchisor grants to Franchisee the non-exclusive right and license to establish and operate a single Studio, offering only the Approved Services and Approved Products and utilizing only the System and the Marks, at the location identified on Exhibit 1 or as determined in accordance with Section 1.2 below (the "Authorized Location"), in accordance with the provisions and for the Term (defined below) specified in this Agreement.

Franchisee agrees not to conduct the business of its Studio at any location other than the Authorized Location and to use the Authorized Location only for the operation of its Studio. Franchisee also agrees that, once its Studio opens for business, it will continuously operate the Studio in accordance with this Agreement for the duration of the Term.

1.2 **Site Approval Process.** If the Authorized Location is not identified on Exhibit 1 when Franchisee signs this Agreement, Franchisee must search for acceptable locations for the Studio within the area

identified on Exhibit 1 (the "Designated Market Area") and secure Franchisor's acceptance of the proposed location within 90 days after the Effective Date. The Designated Market Area has been identified for the sole purpose of facilitating the orderly development of the market, and not for purposes of granting Franchisee any exclusivity or protection within the Designated Market Area. Franchisee acknowledges and agrees that Franchisor does not guarantee that Franchisee will find an acceptable site within the Designated Market Area.

Despite any assistance Franchisor provides to Franchisee, Franchisee is entirely responsible, at its expense, for doing everything necessary to develop and open the Studio in accordance with this Agreement, including, subject to Franchisor's prior written acceptance, locating, selecting, and securing possession of the Authorized Location.

Franchisee must provide any information Franchisor requests to aid in its evaluation of Franchisee's proposed site. Franchisor will have sole discretion to accept or reject any proposed site. Franchisor's acceptance is entirely for its own benefit and may not be relied upon by Franchisee as a representation, warranty, or indication of any kind, including as to the suitability of the Authorized Location or the likelihood of success of the Studio. Franchisor is not responsible should any of the criteria on which it bases its decision change or not serve the Franchisee's purposes.

When it accepts Franchisee's proposed site, Franchisor will designate, in its sole determination based on any and all factors that Franchisor determines to be important, an area around the Authorized Location (the "Designated Territory"). If the Authorized Location and Designated Territory are not identified in Exhibit 1 when this Agreement is signed, Franchisor will complete and deliver to Franchisee the Authorized Location Addendum attached hereto as Exhibit 2. Franchisee will have 10 days following delivery of the Authorized Location Addendum to execute and return it to Franchisor. If Franchisee rejects the addendum or does not timely sign and return it to Franchisor, Franchisor may, in its discretion, revoke its acceptance of the Authorized Location, in which case, Franchisee must propose and secure Franchisor's acceptance of an alternative site, using the same process, within the remainder of the 90-day period described above.

Once it acknowledges its acceptance of the Authorized Location and Designated Territory, Franchisee must thereafter obtain lawful possession of the Authorized Location by lease, purchase or other method and open its Studio in accordance with the conditions and deadlines set forth in this Agreement.

Franchisor will have the right to modify the boundaries of the Designated Territory if (a) Franchisee relocates its Studio as permitted under this Agreement, or (b) at the time of any requested renewal or proposed Transfer (defined below), the population of the Designated Territory is over 50,000, with said modifications designed to afford Franchisee with a territory that contains a population that is similar to that contained within the original Designated Territory.

1.3 **Exclusivity for Designated Territory.** As long as Franchisee is in compliance with this Agreement and except as described in Section 1.4 below, Franchisor will not operate, or grant a license to a third-party to operate, during the Term, a Club Pilates Studio located within the Designated Territory.

1.4 **Rights Reserved to Franchisor.** For the avoidance of doubt, Franchisor reserves for itself and its affiliates all rights not expressly granted to Franchisee in this Agreement and the right to do all things that Franchisor does not expressly agree in this Agreement not to do, in each case, without regard to proximity to the Studio and without any compensation to Franchisee, and on such terms and conditions as Franchisor deems appropriate. Without limitation, Franchisor and its affiliates may, themselves or through authorized third-parties (and Franchisee is not granted the right to): (a) open and operate, and license third-parties the right to open or operate, other Club Pilates Studios utilizing the Marks and System outside the Designated

Territory; (b) market, offer and sell products and services similar to those offered by Club Pilates Studios (such as private label products that Franchisor may develop and the Bridge Training Program (as defined in Section 5.5)) under a different trademark or trademarks at any location, both within or outside the Designated Territory; (c) use the Marks and System, as well as any other marks Franchisor may designate, to distribute Approved Products and/or Approved Services through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, anywhere either within or outside the Designated Territory; (d) acquire, or be acquired by, or merge with, any company, including a company operating or licensing one or more businesses offering products or services similar to those offered by any Club Pilates Studio located within or outside the Designated Territory, and subsequently operate (or license a third-party the right to operate) these businesses and allow them to incorporate certain elements of the System (excluding the Marks and Trade Dress) regardless of location; (e) develop or become associated with and engage in other businesses, including other fitness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Designated Territory; (f) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited by this Agreement; and (g) open and operate, or license third-parties the right to open or operate, Club Pilates Studios at "Non-Traditional Sites" both within and outside the Designated Territory. A "Non-Traditional Site" is any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations**)**.

2. ACCEPTANCE BY FRANCHISEE

2.1 **Acceptance by Franchisee.** Franchisee accepts this Agreement and the license granted herein and agrees to develop and operate the Studio on the terms and conditions specified herein. Franchisee agrees to follow the System requirements in the operation of its Studio, including, without limitation, its facilities, staff, advertising, operations, and all other aspects of Franchisor's business and the System now in effect and changed periodically. Franchisee (or, if Franchisee is an entity, one of its Operating Principals (as defined in Section 5.5)) and its Designated Manager (as defined in Section 5.5.A of this Agreement) must attend and complete the appropriate initial training to Franchisor's satisfaction, as set forth in Section 6.2 of this Agreement.

2.2 **Conditions.** The rights being licensed herein are subject, without limitation, to the following conditions:

A. Franchisee's Studio shall be identified only by those Marks approved in writing by Franchisor with at least one exterior sign as designated by Franchisor;

B. If Franchisee is not a natural person, then concurrently, with the signing of this Agreement, any person who directly or indirectly owns a ten percent (10%) or greater ownership interest in Franchisee (the "Owners") must sign and deliver to Franchisor the Guarantee, Indemnification, and Acknowledgment attached as Exhibit 3 hereto (a "Guaranty"). Any person or entity that at any time after the Effective Date becomes an Owner, pursuant to Section 14 or otherwise, shall, as a condition of becoming an Owner, execute Franchisor's then-current form of Guaranty;

C. Franchisee shall submit the proposed lease for the Authorized Location to Franchisor for its written consent before Franchisee executes the lease. The lease must contain the provisions outlined in

Franchisor's then-current form of lease addendum, the current form of which is attached as Exhibit 4, or substantially similar provisions acceptable to Franchisor ("Lease Addendum");

D. Franchisee agrees that it shall open the Studio for regular, continuous business no later than six (6) months after the Effective Date. If, through no fault of Franchisee, the Studio has not opened after six (6) months, Franchisor may agree in writing to provide Franchisee with an additional three (3) months to open its Studio if Franchisee (a) has already secured an approved premises for its Studio, and (b) is otherwise making diligent and continuous efforts to buildout and otherwise prepare its Studio for opening throughout the six (6) month period following the Effective Date. Franchisor reserves the right to charge Franchisee a fee of $2,500 as a condition to granting any extension under this Section; and

E. Franchisee agrees at all times to comply with the Manual (as defined in Section 6.3 below), and all required standards, operating systems, and other aspects of the System prescribed by Franchisor (the "System Standards"), each of which is subject to change at Franchisor's discretion.

3. TERM AND SUCCESSOR FRANCHISES

3.1 **Term.** The term of this Agreement shall be for a period of ten (10) years beginning on the Effective Date, unless sooner terminated under Section 15 (the "Term").

3.2 **Successor Franchises.** Subject to this Section, Franchisee will be eligible to acquire two (2) separate and consecutive successor franchises, each for an additional five (5) year term (each a "Successor Franchise"). Acquisition of the 1st Successor Franchise shall be subject to the following conditions and requirements, and acquisition of the 2nd Successor Franchise shall be subject to the conditions and requirements set forth in the 1st Successor Franchise agreement. To acquire the 1st Successor Franchise:

A. Prior to expiration of the Term, Franchisee shall execute Franchisor's then-current form of franchise agreement for Club Pilates Studios, modified as necessary to reflect that the franchise granted therein is a Successor Franchise (the "Successor Franchise Agreement"). The provisions of the Successor Franchise Agreement may differ from and shall supersede this Agreement in all respects, including changes in royalty and advertising fees, except that Franchisee shall pay a successor fee described in Section 3.2.F below instead of an initial franchise fee. Franchisee's failure or refusal to execute and return the Successor Franchise Agreement and successor fee to Franchisor within thirty (30) days after delivery of the Successor Franchise Agreement to Franchisee shall constitute Franchisee's election not to acquire the Successor Franchise;

B. Franchisee shall demonstrate that it has the right to remain in possession of the Authorized Location for the duration of the term of the Successor Franchise, or that it has been able to secure and develop an alternative site acceptable to Franchisor;

C. In consideration of the grant of the Successor Franchise, Franchisee shall execute a general release in the form and substance satisfactory to Franchisor, releasing any and all claims Franchisee and its related parties may have against Franchisor and its affiliates, and their respective owners, officers, directors, employees, agents, successors and assigns;

D. Franchisee shall have completed or made arrangements to make, at Franchisee's expense, such renovation and modernization of its Studio, including the interior and exterior of the building, grounds, leasehold improvements, signs, furnishings, fixtures, equipment, surveillance cameras, and decor as Franchisor reasonably requires so the Studio conforms with the then-current System Standards;

E. During the Term, Franchisee shall have substantially complied with all of the provisions of this Agreement and all other agreements with Franchisor and vendors to Franchisee's Studio, and

Franchisee and its affiliates shall be in compliance with this Agreement and all other agreements between them and Franchisor both on the date of the notice described in Section 3.2.G below and at the expiration of the Term;

F. Franchisee shall pay Franchisor a Successor Franchise fee in the amount of $10,000; and

G. Franchisee shall have given Franchisor written notice of its desire to acquire the Successor Franchise no less than 90 days or more than 180 days before expiration of the Term.

3.3 **Holdover.** If, in its discretion and without seeking to enforce Franchisee's post-term obligations set forth in Section 15.3 of this Agreement, Franchisor suffers Franchisee's continued operation of its Studio pursuant to this Agreement beyond the expiration of the Term, such continuance of operations shall be deemed to be Franchisee's election to extend the Term on a month-to-month basis and, in addition to all other rights Franchisor may have as a result of Franchisee's noncompliance with this Agreement, Franchisor may terminate this Agreement during such period, without any cause or reason, upon 30 days' prior written notice. Franchisee shall otherwise comply with all of its obligations under this Agreement during the extension of the Term as described in this Section.

4. TRADEMARK STANDARDS

4.1 **Ownership of Marks.** Franchisee acknowledges the validity of the Marks and agrees and recognizes that the Marks are the sole and exclusive property of Franchisor and/or its affiliates. Franchisee further acknowledges that its right to use the Marks and System is derived solely from this Agreement and is limited to the operation of the Studio pursuant to and in compliance with this Agreement. Any unauthorized use of the Marks by Franchisee shall be a breach of this Agreement and an infringement of the rights of Franchisor and its affiliates. Franchisee's use of the Marks inures to the benefit of Franchisor, which owns all goodwill now and hereafter associated with the Marks. Franchisee agrees not to contest ownership or registration of the Marks. Franchisor agrees to indemnify Franchisee from any claims, costs or fees associated with Franchisee's authorized use of the Marks in accordance with this Agreement, subject to the requirement that Franchisor be immediately notified of any third-party challenge to Franchisee's authorized use of any Mark under this Agreement, and Franchisor has the right to control any related litigation.

4.2 **Use of Marks.** Franchisee shall not use any Mark (i) as part of any corporate or business name with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, or (ii) to advertise any prospective Transfer that would require Franchisor's approval under Section 14 of this Agreement. Franchisee shall display and use the Marks only in the manner and form prescribed or authorized by Franchisor and shall conduct no other business using the Marks than that prescribed by Franchisor. Franchisee shall not use any other mark, name, commercial symbol or logotype in connection with the operation of the Studio and shall not market any product or service relating to the Studio without Franchisor's written consent, and if such consent is granted, such product or service must be marketed in a manner acceptable to Franchisor.

Franchisee agrees to give such notices of trademark and service mark registrations and copyrights (including the ® and © symbols) as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law.

4.3 **Litigation.** Franchisee agrees to notify Franchisor immediately in writing if it becomes aware that any person who is not a licensee of Franchisor is using or infringing upon any of the Marks. Franchisee may not communicate with any person other than Franchisor and its counsel in connection with any such use or infringement. Franchisor will have discretion to determine what steps, if any, are to be taken in any

instance of unauthorized use or infringement of any of its Marks and will have complete control of any litigation or settlement in connection with any claim of an infringement or unfair competition or unauthorized use with respect to the Marks. Franchisee will execute any and all instruments and documents and will assist and cooperate with any suit or other action undertaken by Franchisor with respect to such unauthorized use or infringement such as by giving testimony or furnishing documents or other evidence. Franchisor will be responsible for legal expenses incurred by Franchisor in connection with any litigation or other legal proceeding involving such third-party. Franchisor shall not be liable for any legal expenses of Franchisee unless (a) pre-approved in writing by Franchisor in its discretion, and (b) the action proceeds or arises out of Franchisee's authorized use of the Marks hereunder.

4.4 **Modification, Discontinuance or Substitution.** Franchisor reserves the right, in its sole judgment, to modify, discontinue or replace any Mark on a national or regional basis, and Franchisee shall, as applicable and at its expense, discontinue use of any Mark and commence using any modified or replacement Mark as directed by Franchisor. Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's discontinuance or change of any Mark.

5. FEES

5.1 **Initial Franchise Fee.** On its signing of this Agreement, Franchisee agrees to pay Franchisor an initial franchise fee in the sum of Sixty Thousand Dollars ($60,000) for the right to operate the Studio pursuant to the terms of this Agreement (the "Initial Franchise Fee"). The Initial Franchise Fee shall be fully earned by Franchisor upon payment and is not refundable under any circumstance.

5.2 **Royalty Fee.** Throughout the Term, Franchisee agrees to pay Franchisor, weekly, without setoff, credit or deduction of any nature, a royalty fee equal to eight percent (8%) of the Gross Sales (as that term is defined in Section 5.3, below) generated by the Studio over the immediately preceding week (the "Royalty" or "Royalty Fee").

5.3 **Gross Sales.** "Gross Sales" means the total revenue, in whatever form, generated by the Studio, whether or not in compliance with this Agreement and regardless of receipt, including all revenue generated from the sale and provision of any and all gift cards and other products and services at or through the Studio and all proceeds from any business interruption insurance related to the non-operation of the Studio. "Gross Sales" does not include (a) any sales tax and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (b) the value of any allowance issued or granted to any client of the Studio that is credited in good faith by Franchisee in full or partial satisfaction of the price of the Approved Products or Approved Services offered in connection with the Studio, or (c) the provision of the Teacher Training Program at the Studio.

5.4 **Equipment Package; Furniture, Fixtures and Related Supplies; Initial Inventory Kit; Pre-Sales Phase Expenditures; Studio Management Software.**

A. Prior to opening the Studio, Franchisee must purchase or lease (i) an initial package of Pilates and other exercise equipment (which the parties expect Franchisee will acquire via a lease-to-own or comparable agreement entered into with a third-party provider of such programs) (the "Exercise Equipment Package") necessary to comply with the System and System Standards; (ii) designated furniture, fixtures, and related supplies that, in each case, is necessary to comply with the System and System Standards; and (ii) opening inventory comprised of certain branded and other inventory that may be resold at the Studio (the "Initial Inventory Kit"). Throughout the Term, Franchisee will be responsible for (1) maintaining and/or replacing the items comprising the Exercise Equipment Package and the furniture, fixtures, and related supplies used in connection with the Studio, and (2) maintaining certain levels of

inventory with respect to those items comprising the Initial Inventory Kit, as set forth more fully in this Agreement.

B. As part of the Initial Inventory Kit, Franchisee will acquire and must utilize certain pre-sales start-up package materials in coordination with the pre-opening sales plan that Franchisee is required to commence conducting at least sixty (60) days prior to the opening of the Studio (the "Pre-Sales Phase"). Franchisee agrees and acknowledges that Franchisee must: (i) develop the foregoing plan in coordination with the opening support program designated by Franchisor that is designed to generate prospective Studio clientele and members and otherwise promote the Studio prior to opening (the "Opening Support Program"); (ii) obtain Franchisor's prior approval of the plan and all Pre-Sales Phase activities; and (iii) incur and promptly pay all fees and costs associated with the Opening Support Program and other Pre-Sales Phase activities as and when such amounts become due.

C. Franchisee further agrees to install at its expense and use the membership accounting, cost control, point-of-sale system and inventory control systems (the "POS/Inventory System") through the supplier Franchisor designates. The designated, or approved, supplier(s) for these services will be updated in the Manual as changes are made. Throughout the Term, Franchisee will also be required to pay Franchisor's then-current designated provider for the software that Franchisor prescribes for use in connection with the Studio and the POS/Inventory System, which may be modified upon reasonable written notice to Franchisee.

5.5 **Training Programs and Fees.** The parties agree and acknowledge that: (i) Franchisee or, if Franchisee is an entity, at least one (1) of Franchisee's operating principals (an "Operating Principal") must complete the "Owner/Operator Module" and Franchisor's proprietary initial training program (the "Initial Training Program"), as described in more detail in the Manual; and (ii) each instructor that Franchisee engages to provide any of the Approved Services at its Studio must (a) satisfy all then-current industry requirements to hold themselves out as a Pilates instructor (currently, least 450 hours of Pilates instruction and satisfaction of certain other standard criteria) (the "Instructor Eligibility Criteria"), and (b) complete Franchisor's proprietary orientation program that is designed to provide instructors with additional guidelines and instruction for providing the Approved Services in accordance with the System (the "Bridge Training Program"). Franchisor may, at its option, conduct any training program virtually via live or prerecorded modules. Fees for attendance and participation in a training program (each a "Training Fee") may be assessed as described below.

A. *Initial Training Program*. Except as provided below, Franchisee will not be required to pay any Training Fee or tuition in connection with individuals that attend the Initial Training Program prior to the opening of the Studio, provided such individuals all attend at the same time. For those individuals that wish to complete the Initial Training Program at a time other than when Franchisee (or, if applicable, its Operating Principal) attends the Initial Training Program, Franchisor may charge such individuals its then-current Training Fee. Franchisee may also designate a third-party individual that Franchisor approves to manage the day-to-day operations of the Studio (a "Designated Manager"), but any such individual must at least complete the Designated Manager Module of the Initial Training Program prior to assuming any management responsibilities at the Studio (with Franchisee paying the Training Fees associated therewith, if any). If Franchisee is acquiring and assuming an existing Club Pilates Studio from another System franchisee, it will be required to pay Franchisor's then-current Training Fee for persons required to attend Franchisor's Initial Training Program as necessary to satisfy the requirements of this Section.

B. *Designated Manager; Designated Manager Training Program*. If Franchisee (or one of its Operating Principals) is not or does not intend to be on-site at the Studio during normal business hours to manage the day-to-day operations of its Studio (including, for example, where Franchisee owns or is affiliated with owners of multiple open Club Pilates Studios), then Franchisee must appoint a Designated

Manager for the Studio who will act as such only for the Studio. Each Designated Manager must attend and complete, to Franchisor's satisfaction, Franchisor's designated manager training program prior to assuming the Designated Manager responsibilities (the "Designated Manager Training Program"). Franchisor does not charge a Training Fee for Franchisee's initial Designated Manager's participation in the Designated Manager Training Program.

C. *Bridge Training Program*. Every instructor that provides any of the Approved Services at Franchisee's Studio must: (i) meet the Instructor Eligibility Criteria; and (ii) prior to providing instruction, complete the Bridge Training Program, as described in the Manual. Franchisor will not assess a Training Fee for participation in the Bridge Training Program.

D. *Teacher Training Program*. Subject to meeting Franchisor's then-current program requirements (including the payment of any then-current training fees), as set forth in the Manual, Franchisee will have the option of providing its clients a full "teacher training" course (the "Teacher Training Program"). In order to offer the Teacher Training Program, Franchisee must ensure that the program is provided by an instructor that (a) meets the Instructor Eligibility Criteria and has completed the Bridge Training Program, and (b) is otherwise approved by Franchisor as a "Master Instructor" (the criteria for which will be set forth in the Manual or otherwise in writing by Franchisor). If Franchisee does not have a Master Instructor, it may arrange to use one from another Studio. Each participant in the Teacher Training Program will be required to pay the then-current System tuition for that program, a portion of which designated by Franchisor will be remitted to Franchisor for certain materials that it provides in connection with this training, and the balance of which will be remitted to the Studio owner who provided the Master Instructor or, if the program was led by Franchisee's Master Instructor, retained by Franchisee.

E. *Ongoing/Refresher and Other Additional Training*. Franchisor may provide or request that Franchisee and certain of its management personnel attend and complete up to five (5) days of additional/refresher training each year, but Franchisor will not charge Franchisee a Training Fee in connection with such required training.

F. *No Training Fee for Minor, Day-to-Day Assistance*. Franchisor will not charge Franchisee a Training Fee in connection with minor, day-to-day assistance that Franchisor provides remotely over the phone, via email/fax or other electronic channel of communication, which Franchisee understands and acknowledges will be provided subject to the availability of Franchisor's personnel.

G. *Costs and Expenses*. Franchisor will not, under any circumstances, be responsible for, and the indemnities provided in Section 11.2 shall apply to, costs and expenses (including wages, benefits, and travel-related expenses) incurred by or owed to Franchisee or its personnel in or as a result of attending or participating in any training program described in this Agreement or otherwise provided by Franchisor or its designee.

H. *Training Fee for Certain Training*. Franchisor may charge its then-current Training Fee in connection with training that (a) Franchisee requests Franchisor provide (other than in connection with Bridge Training that is provided by Franchisor personnel at Franchisor's headquarters), or (b) Franchisor provides on-site at Franchisee's Studio.

5.6 **Fund Contribution.** Franchisor (and its affiliates) have established a creative brand development fund to promote the System, Marks and brand with which the Studio is associated generally (the "Fund"). Franchisee shall contribute to the Fund, as directed by Franchisor from time to time, up to two percent (2%) of the Gross Sales of its Studio (the "Fund Contribution"), commencing once the Studio starts generating revenue from its business operations. The Fund Contribution will typically be paid in the same manner and at the same interval that the Royalty Fee is collected (based on the Gross Sales of the Studio over the

immediately preceding reporting period). Franchisor has the right, at any time and on notice to Franchisee, to change the amount of the Fund Contribution in accordance with Section 9.1 below.

5.7 **Technology Fee.** Franchisor reserves the right to charge Franchisee an ongoing technology fee, the amount of which may change from time to time during the Term, in Franchisor's discretion, to pay for certain aspects of Franchisee's computer system and/or software used in the operation of the Studio ("Technology Fee"). Franchisor reserves the right to designate and/or change the amount, scope, or manner of payment of the Technology Fee, including the party to whom payment is made, at any time upon providing reasonable written notice to Franchisee. The Technology Fee may be collected by Franchisor at the same time as the Royalty Fees due hereunder.

5.8 **Music Licensing Fee.** Franchisor may charge Franchisee its then-current music licensing fee (the "Music Licensing Fee") as consideration for costs incurred in connection with obtaining licensing rights to music and playlists Franchisee will use in connection with the provision of Approved Services at the Studio.

5.9 **Other Amounts Due in Connection with the Studio.** Franchisee will also be responsible for timely payment of any other required fees or amounts necessary to purchase ongoing marketing materials, inventory, supplies and/or other items from Franchisor, its affiliates or other third-party suppliers as described in this Agreement.

5.10 **Electronic Transfer; Right to Modify Collection Interval.**

A. Franchisor reserves the right to determine, from time to time, the frequency, intervals covered, and manner in which amounts owed to it or its affiliates must be paid. Currently all such amounts (including fees, interest, and other payments required under this Agreement) must be paid via automatic debit from Franchisee's point-of-sale operating account administered by the designated supplier of point-of-sale services on a weekly basis throughout the Term, subject to modification on reasonable written notice.

B. All amounts due to Franchisor or its affiliates for the purchase of products, services or otherwise are due upon receipt of an invoice from Franchisor or such affiliate. Any payment or report not actually received by Franchisor or its affiliates on or before the due date is overdue.

C. Franchisee agrees to complete and execute Franchisor's then-current form of "Electronic Funds Transfer Agreement" and any other form, including, without limitation, an "Electronic Debit Authorization" for the purpose of authorizing an electronic debit, and to submit any information required by Franchisor for such authorization. Such authorization must remain in effect throughout the Term and, following expiration or termination of this Agreement, until all amounts owed to Franchisor and its affiliates have been paid.

D. Franchisee is required to use only the POS/Inventory System provided by the designated supplier and will pay the designated provider directly for all fees associated with the use of the designated provider's software. Franchisee is not allowed to use an unapproved external terminal to process transactions.

5.11 **Interest and Late Charges.** Amounts due to Franchisor (except interest on unpaid amounts due) not paid when due shall bear interest from the date due until paid at the lesser of one and one-half percent (1.5%) per month or the highest rate of interest allowed by law. Franchisor may also recover its reasonable attorneys' fees, costs and other expenses incurred in collecting amounts owed by Franchisee.

6. FRANCHISOR SERVICES

In addition to the services described elsewhere in this Agreement, Franchisor will do the following:

6.1 **General Guidance for Opening.** Franchisor shall consult and advise Franchisee on the proper display of the Marks, layout and design, procurement of Pilates/fitness equipment, reformers, spring boards, chairs and other equipment, furniture, fixtures, surveillance cameras with audio, initial inventories, recruiting personnel, and managing construction or remodeling of the Studio. After Franchisee has executed an approved lease for the Authorized Location, Franchisor shall deliver to Franchisee specifications and standards for building, equipment, furnishings, fixtures, surveillance cameras with audio, layout, design and signs relating to the Authorized Location and shall provide reasonable consultation in connection with the development of the Studio. Franchisee's architect is responsible for proposing changes to the layout, design and construction specifications provided by Franchisor as necessary to meet applicable legal requirements and to adapt for unique physical characteristics of the Authorized Location, but Franchisee agrees that no such changes, alterations or modifications whatsoever to Franchisor's selected layout and design specifications will be implemented without Franchisor's prior written consent.

6.2 **Training-Related Programs and Obligations.** Franchisor will provide the training programs described in Section 5.5 and below, and Franchisee must, at all times during the Term, be in compliance with all training obligations described in Section 5.5 and set forth below.

A. *Initial Training Program; Designated Manager Training Program*. All persons required to complete the Owner/Operator Module, the Designated Manager Training Program, and the Bridge Training Program must do so prior to engaging in any activities related to the operation of the Studio. The specifics of each of the foregoing training programs shall be set forth in the Manual. All such training is conducted, at Franchisor's option, at Franchisor's corporate headquarters or another training facility Franchisor designates. At Franchisee's option, one (1) or more other individuals that meet the Instructor Eligibility Criteria and that will be responsible for providing the Approved Services at the Studio may participate and complete the Bridge Training Program component of the Initial Training Program. If any of the individuals described in this Section and Section 5.5 fail to successfully complete the applicable training required by this Section and Section 5.5 before the time Franchisee is required to open the Studio hereunder, Franchisor may terminate this Agreement.

B. *Instructor Training*. Any individual that wishes to provide Pilates instruction or any of the other Approved Services at the Studio must first (a) demonstrate that he/she has met all Instructor Eligibility Criteria, and (b) complete the Bridge Training Program (either as part of the Initial Training Program or at some point thereafter via the instruction materials and test that is part of the System Standards). Franchisor may terminate this Agreement upon written notice to Franchisee if Franchisee permits the Approved Services to be provided by any individual that does not meet the criteria in this Section. If Franchisee fails to comply with the foregoing (or any other material obligation under this Agreement), Franchisor reserves the right to charge Franchisee its then-current non-compliance fee ("Non-Compliance Fee") in each instance. The Studio must have at least one (1) individual that meets the Instructor Eligibility Criteria and has completed the Bridge Training Program on-site at the Studio at all times when any Approved Services are being provided. Franchisee must otherwise ensure that: (i) any Bridge Training Program held at the Studio is performed in accordance with System Standards; (ii) any individual that participates in the Bridge Training Program, successfully completes that program, and passes any test that is provided in connection with the program; and (iii) no personnel provides Pilates instruction or other Approved Services at the Studio unless and until such personnel successfully completes the Bridge Training Program and passes the corresponding test. Franchisee agrees that Franchisor, as part of its right to inspect and audit the operations of the Studio on an ongoing basis, may require that Franchisee demonstrate that all required personnel has participated in and successfully completed the Bridge Training Program and corresponding test.

C. *Discretionary On-Site Assistance*. Around the time the Studio is opening, Franchisor may send one (1) or more representatives to the Studio to (i) provide assistance and recommendations regarding the opening and initial operations of the Studio, and/or (ii) provide additional or refresher training associated with the Owner/Operator Module and/or the Bridge Training Program, all as Franchisor determines appropriate in its discretion (collectively, the "Discretionary On-Site Assistance"). In the event Franchisor notifies Franchisee that it will be providing the Discretionary On-Site Assistance, such assistance typically lasts one (1) to two (2) days and Franchisee must ensure that Franchisee (or its Operating Principal) and all other management personnel are in attendance at the Studio during those days.*Teacher Training Program and Involvement of Franchisor*. Franchisee will be permitted to provide the Teacher Training Program at the Studio as part of the Approved Services, provided Franchisee has an individual that meets the Instructor Eligibility Criteria that (a) has completed Franchisor's Bridge Training Program, and (b) otherwise meets Franchisor's then-current criteria to serve as a "Master Instructor" of the Teacher Training Program (which will be set forth in the Manual or in another written directive from Franchisor). The details of the Teacher Training Program shall be set forth in the Manual.

E. *Ongoing/Refresher Training*. Franchisor may provide, and require that Franchisee, as well as any of its management personnel attend, up to five (5) days of additional training each year at a training facility that Franchisor designates (without charging Franchisee any Training Fee as described in Section 5.5 of this Agreement). Franchisee may also request that Franchisor provide certain additional or refresher training to Franchisee, either at one (1) of Franchisor's designated training facilities or on-site at Franchisee's Studio, but Franchisor reserves the right to charge Franchisee its then-current Training Fee based on the number of days of such training that Franchisor provides at Franchisee's request.

F. *Remedial Training*. If Franchisor determines that Franchisee is operating the Studio in a manner that is not consistent with the terms of this Agreement or the Manual, or if Franchisee is otherwise in material default of this Agreement, Franchisor may also require that Franchisee, its Designated Manager (if applicable) and/or certain Authorized Instructors of the Studio attend and complete up to five (5) additional days of training at (a) Franchisor's designated training facility, (b) the Studio, or (c) other location Franchisor designates, that is designed to address the default or other non-compliance issue (the "Remedial Training"). Franchisor may require Franchisee and its designated trainees to pay Franchisor its then-current Training Fee in connection with attending Remedial Training.

6.3 **Operations Manual.** During the Term, Franchisor will grant Franchisee online access to an electronic version of its manuals and written policies and procedures related to the development and operation of Club Pilates Studios (collectively, the "Manual"). The Manual is anticipated to codify then-current specifications, standards and operating procedures prescribed or suggested by Franchisor. Franchisee acknowledges that Franchisor may from time to time revise its System Standards as well as the contents of the Manual (including by written memoranda and notices issued to owners of Club Pilates Studios), and Franchisee agrees to comply with each new or changed standard and specification upon notice from Franchisor. The Manual shall remain the sole property of Franchisor and is part of, and subject to the requirements applicable to, Franchisor's Confidential Information (as defined in Section 12.1). If Franchisee, intentionally or otherwise through its gross negligence, compromises the secure access to the online version of the Manual (or any hard copy of the Manual), including, but not limited to, allowing unauthorized users access to the Manual and its confidential contents or intentionally posting any of the Confidential Information on the Internet, Franchisee acknowledges that it will be required to adequately compensate Franchisor for the breach and related damage to the Marks and System, and that any limitation of remedies provided in Sections 16.4.B and 16.7 below shall not limit Franchisor's remedy or relief in the foregoing instance(s).

6.4 **Continuing Services.** Franchisor will provide such continuing advisory assistance and information to Franchisee in the development and operation of the Studio as Franchisor deems advisable in its discretion.

Such assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals.

6.5 **Approved Lists.** Franchisor will provide and from time to time, add to, alter or delete, at Franchisor's discretion, lists of specifications, approved distributors and suppliers, approved services and products, including, but not limited to, Pilates fitness equipment and gear, and other materials and supplies used in the operation of the Studio. Franchisor, or an affiliate of Franchisor, may be a designated or approved supplier of certain equipment, gear, merchandise, apparel and supplies.

6.6 **Pricing.** The System has developed a reputation that is based in part on affordable prices for Pilates classes offered by Club Pilates Studios operating as part of the System. To promote a consistent consumer experience, and to maximize the value of the products and services Studios offer, Franchisor may, subject to Applicable Laws (defined below), require fixed maximum or minimum prices for any products or services offered by the System and Franchisee. Franchisee is obligated to abide by the pricing established by Franchisor from time to time, unless Franchisor consents to changes in local pricing offered by Franchisee in order to (i) allow Franchisee to respond to unique, local, marketing conditions, competition, or expenses; or (ii) comply with changes or interpretations in state or federal anti-trust laws. Consistent with state or federal law, Franchisor reserves the right to change or eliminate its pricing program in the future, or to move from a required to recommended pricing structure. For any product or service for which Franchisor does not impose a maximum or minimum price, Franchisor may require Franchisee to comply with an advertising policy adopted by Franchisor which will prohibit Franchisee from advertising any price for a product or service that is different than Franchisor's suggested retail price. Although Franchisee must comply with Franchisor's advertising policy, Franchisee will not be prohibited from selling any product or service at a price above or below the suggested retail price unless Franchisor imposes a maximum price or minimum price for such product or service.

6.7 **Fund.** As detailed in Section 9.1 of this Agreement, the Fund is currently maintained and administered by Franchisor (or its affiliates), with the advice and counsel of a marketing fund committee, to meet the costs of conducting regional and national advertising and promotional activities (including the cost of advertising campaigns, test marketing, marketing surveys, public relations activities and marketing materials) which Franchisor and the marketing fund committee deem beneficial to the System.

6.8 **Approving Pre-Opening Support Program.** Franchisor and/or its approved provider will provide Franchisee with advice and consultation with respect to establishing the Pre-Sales Phase and Opening Support Program described in Section 5.4.B above. The components of Franchisee's Opening Support Program must be approved by Franchisor prior to implementation, including the relevant timelines for certain pre-opening sales and marketing activities.

7. FACILITY STANDARDS, LEASE AND CONSTRUCTION

7.1 **Facility Specifications.** Franchisee's Studio shall satisfy the following conditions:

A. The Studio shall be laid out, designed, constructed or improved, equipped and furnished in accordance with the System Standards. Equipment, furnishings, fixtures, surveillance cameras with audio, decor and signs for the Studio shall be purchased from suppliers approved or designated by Franchisor. Franchisee may remodel or alter the Studio, or change its equipment, furniture or fixtures, only with Franchisor's prior written consent. Franchisee must obtain necessary permits, licenses and other legal or architectural requirements. The Studio shall contain or display only signage that has been specifically approved or designed by Franchisor.

B. The Studio and all fitness equipment shall, at all times, be maintained in accordance with the System Standards. Franchisee shall promptly repair or replace defective or obsolete equipment, signage, fixtures or any other item of the interior or exterior that is in need of repair, refurbishing or redecorating in accordance with such standards established (and updated from time to time) by Franchisor or as may be required by Franchisee's lease.

C. Franchisee recognizes that Franchisor may, in its discretion, evolve the System and the features and appearance of Club Pilates Studios to, among other things, respond to new fads, new forms of exercise, new equipment, new training techniques, and changing customer demands. Franchisee further understands that Pilates fitness equipment and other equipment wears out, breaks down, or becomes obsolete. Consequently, from time to time, as Franchisor requires, Franchisee must modernize and/or replace components of the Trade Dress and Studio's operating assets and equipment as may be necessary for the Studio to conform to the System Standards for new Studios. Further, Franchisee will be required to thoroughly modernize or remodel the Studio, at Franchisee's cost, when requested by Franchisor, but no more than once every 5 years. This may include replacing Pilates/fitness equipment and gear, and other updates and improvements. Franchisee acknowledges that this obligation could result in Franchisee making extensive structural changes to, and significantly remodeling and renovating the Studio, and Franchisee agrees to incur, without limitation, any capital expenditures required in order to comply with this obligation and Franchisor's requirements. Within 60 days after receiving written notice from Franchisor, Franchisee shall have plans prepared according to the standards and specifications that Franchisor prescribes, and Franchisee must submit those plans to Franchisor for its approval. Franchisee agrees to complete all work according to the plans that Franchisor approves within the time period that Franchisor reasonably specifies and in accordance with this Agreement. Franchisor and its affiliates who own Club Pilates Studios will hold themselves, and the Studios they operate (if any), to the same high standard and same frequency for replacement and renovation as is required of Franchisee.

D. The Studio shall contain signage prominently identifying Franchisee by name as an independently owned and operated franchisee of Franchisor.

E. The Studio must have a surveillance camera with audio purchased from a designated approved supplier installed at the Studio. The camera(s) must be web accessible. The camera(s) will be used by Franchisee to monitor teacher performance, quality assurance and safety. Franchisor has an absolute right to also review and monitor the camera(s) for the same purposes as Franchisee, and to ensure compliance with the System. Franchisee is responsible for ensuring customer consent and for any failure to obtain such consent. Franchisee agrees to indemnify Franchisor for any breaches of privacy from Franchisee's use of any surveillance camera.

F. Franchisee must offer, accept the use of, and ensure that it and the Studio's personnel are aware of all then-current System policies and procedures related to member reciprocity amongst (a) other Studios that are part of the System, and/or (b) studios operated as part of the franchise systems in connection with the other brands owned and/or licensed by Franchisor and its affiliates.

7.2 **Lease.** Franchisee is solely responsible for purchasing or leasing a suitable site for its Studio. Franchisee must submit the lease for the Studio to Franchisor for its written consent before Franchisee executes the lease for the Authorized Location. Franchisor will not withhold consent arbitrarily; however, any lease must be subject to the applicable Lease Addendum or incorporate similar terms. Franchisee acknowledges that it has been advised to have any lease reviewed by Franchisee's own legal counsel.

7.3 **Unit Development.** Franchisee agrees that after obtaining possession of the Authorized Location, Franchisee will promptly, at its sole expense:

A. Obtain any standard plans and/or specifications from Franchisor;

B. Employ a qualified licensed architect, as required by state or local codes, to prepare all drawings, designs, plans and specifications for the Studio, and submit same to Franchisor for review and approval prior to commencing construction;

C. Complete the construction or remodeling of the Studio in full and strict compliance with plans and specifications approved by Franchisor, and in compliance with the Trade Dress and all applicable ordinances, building codes and permit requirements;

D. Purchase or lease, in accordance with the System Standards, all fitness equipment, fixtures, inventory, supplies and signs required for the Studio;

E. Hire and train the initial operating personnel according to this Agreement and the System Standards; and

F. Complete development of and have the Studio open for business not later than six (6) months after the Effective Date of this Agreement.

7.4 **Franchisee's Responsibility.** Although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to constructing and equipping the Studio, it is Franchisee's sole responsibility to construct and equip the Studio in compliance with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, health laws, sanitation laws, Americans with Disabilities Act, and all other requirements that may be prescribed by any federal, state or local governmental agency ("Applicable Laws"). Franchisee further acknowledges and agrees that Franchisee is, and will continue to be, at all times during the Term, solely responsible for the day-to-day operation of the Studio in accordance with this Agreement, including all decisions regarding its personnel (as described in Section 8.3 below), each of whom must be competent, conscientious, and properly trained. Franchisee acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

8. STUDIO IMAGE AND OPERATING STANDARDS

8.1 **Compliance.** Franchisee acknowledges and agrees that every detail regarding the appearance and operation of its Studio is important to Franchisor, Franchisee, the System and other owners and operators of Club Pilates Studios in order to maintain high and uniform operating standards, to increase demand for the classes sold by all franchisees, and to protect Franchisor's and the System's reputation and goodwill, and, accordingly, Franchisee agrees to comply strictly at all times with the requirements of this Agreement and the System Standards (whether contained in the Manual or any other written or oral communication to Franchisee by Franchisor) relating to the appearance or operation of the Studio. Franchisee acknowledges that other Club Pilates Studios may operate under different forms of agreement with Franchisor, and that the rights and obligations of the parties to other agreements may differ from those hereunder.

8.2 **Franchisor's Right to Inspect.** To determine whether Franchisee is complying with this Agreement and the System Standards, Franchisor reserves the right, at any reasonable time and without prior notice, to inspect and assess all aspects of the Studio's appearance and operations, including the right to: (1) inspect and examine the Studio premises, fitness equipment, facilities and operation of the Studio in person or by web accessible surveillance cameras with audio, which are required to be installed in each classroom in the Studio; (2) interview Franchisee and Franchisee's employees and any independent contractors; (3) interview members and customers of and suppliers to the Studio and any other person with

whom Franchisee does business; (4) confer with members and staff of government agencies with authority over Franchisee about matters relevant to the Studio; and (5) use "mystery shoppers," who may pose as customers. Franchisor will bear the costs of all such initial inspections, but it reserves the right to require Franchisee to reimburse it costs (including travel expenses, room and board, employee/representative wages, and related fees) associated with re-inspections or follow-up visits that Franchisor or its designees conduct after any inspection of the Studio reveals one or more failures to comply with System Standards, and/or if any follow-up visit is necessary because Franchisor or its designated representatives were for any reason prevented from properly inspecting any part of the Studio.

8.3 **Personnel.** Franchisee agrees to engage in the operation of the Studio only persons of high character and ability who maintain and exhibit traits of enthusiasm, cleanliness, neatness, friendliness, honesty and loyalty, it being recognized by Franchisee that such persons are necessary in order to promote and maintain customer satisfaction and the goodwill of the System. Franchisee agrees to staff the Studio at all times with a sufficient number of qualified, competent personnel who have been trained in accordance with this Agreement and the System Standards. Franchisee shall be considered the employer of all employees and the principal of all independent contractors of the Studio. It is the sole responsibility of Franchisee to hire, discipline, discharge and establish wages, hours, benefits, employment policies and other terms and conditions of employment for its employees and independent contractors. Franchisee is solely responsible for obtaining its own independent legal advice regarding the employment of employees and retention of independent contractors, and for complying with any and all Applicable Laws pertaining thereto. Franchisor shall have no responsibility for the terms and conditions of Franchisee's relationship with Franchisee's employees and/or independent contractors. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all Applicable Laws, including all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. Franchisee shall make all necessary filings with, and pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required. Franchisee acknowledges that nothing in this Section or Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Franchisee or any of Franchisee's personnel, and (b) Franchisor in any matter.

8.4 **Products and Services to be Offered for Sale.**

A. *Approved Services and Approved Products Generally*. Franchisee acknowledges that the presentation of a uniform image to the public and the offering of uniform services and products is an essential element of a successful franchise system. In order to insure consistency, quality and uniformity throughout the System, Franchisee agrees (1) to sell or offer for sale only the Approved Services and Approved Products; (2) to sell or offer for sale all of the Approved Services and Approved Products required by Franchisor; (3) not to deviate from the System Standards; and (4) to discontinue selling and offering for sale any services or products that Franchisor may, in its discretion, disapprove at any time. Franchisor shall supply Franchisee with a list of suppliers from which Franchisee is required to purchase fitness equipment, Pilates items, and other products or services for the Studio. Franchisor may change this list from time to time, and upon notification to Franchisee, Franchisee shall only purchase fitness equipment, Pilates items, and other required products or services from approved suppliers as specified on the changed list. Franchisor and its affiliates may be designated or approved suppliers of certain items and services. Franchisee agrees to keep the Studio and fitness equipment in clean condition, with all equipment well-maintained and operational, and be able at all times during business hours to provide members with all services and products specified by Franchisor.

B. *Required Use of Approved Suppliers*. Franchisee agrees that all exercise equipment must be purchased exclusively from approved suppliers, must be maintained according to manufacturer or Franchisor specifications, as applicable; and (ii) Franchisee must, if required by Franchisor as a condition

to site selection approval, use real estate attorney from the panel recommended by Franchisor to review and negotiate the lease for the Studio.

C. *No Deviation or Supplement with Regards to Approved Services and/or Related Methodology*. Franchisee and its instructors must teach classes exactly as specified in the Manual and in other training materials provided by Franchisor. Franchisee agrees not to add any exercises, stretches, choreography, positions or music that are not approved by Franchisor, and Franchisee agrees not to leave out any exercises, stretches, choreography, positions or music that are required by Franchisor.

D. *Non-Approved Services, Products or Suppliers*. If Franchisee proposes to offer for sale any products, classes or services other than then-current Approved Services and Approved Products, Franchisee shall first notify Franchisor in writing and submit sufficient information, specifications and samples concerning such product, classes and/or supplier and/or service for a determination by the Franchisor whether such product, classes or supplier of service complies with the Franchisor's specifications and standards and/or whether such supplier meets the Franchisor's approved supplier criteria. Franchisor reserves the right to charge Franchisee reasonable costs in connection with Franchisor's review, evaluation and approval of alternative suppliers. These charges may include reimbursement for travel, accommodations, meal expenses, and personnel wages. Franchisor may from time to time prescribe procedures for the submission of requests for approved products and/or suppliers or services and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be executed by approved suppliers). Franchisor reserves the right to revoke its approval of a previously authorized supplier, product, class or service when Franchisor determines in its discretion that such supplier, product, class or service is not meeting the specifications and standards established by Franchisor. If Franchisor modifies its list of approved products, classes and/or suppliers and/or services, Franchisee shall not, after receipt in writing of such modification, reorder any product or utilize any supplier, product, class or service that is no longer approved.

E. *Franchisor Rights*. Franchisee acknowledges and agrees that Franchisor and certain of its affiliates are (or may at any time in future become) an approved or designated supplier for certain Pilates/fitness equipment, other equipment, products, logo items, signage and artwork, and other items and services used or sold in Club Pilates Studios; that Franchisor and such affiliates may derive income from the sale of such items, and that the prices charged by Franchisor or such affiliates may reflect an ordinary and reasonable profit consistent with a business of the kind that produces and/or supplies such items. Franchisee acknowledges and agrees that Franchisor and its affiliates may sell products and services to members located anywhere, even if such products and services are similar to what Franchisor sells to Franchisee and what Franchisee offers at its Studio. Franchisor and its affiliates may use the internet or alternative channels of commerce to sell products and services, including those identified by the Marks. Franchisee may only sell the products and services from the Studio's approved location and may only use the internet or alternative channels of commerce, as permitted by Franchisor, in order to register members for approved classes. Nothing in the foregoing shall prohibit Franchisee from obtaining members over the Internet provided Franchisee's internet presence and content comply with the requirements of this Agreement.

F. *Advertising Outside Designated Territory*. Unless Franchisor agrees otherwise, Franchisee may not actively solicit potential members or customers, or otherwise promote its Studio through any targeted advertising/marketing, outside of the Designated Territory. Nothing in this Agreement, however, shall prohibit Franchisee from servicing members and other customers that contact Franchisee or its Studio, regardless of where those members/customers reside or work.

G. *No Unauthorized Sales of Certain Items*. Unless Franchisor directs or agrees otherwise in writing, Franchisee agrees not to sell vitamins, supplements or other nutritional products or food items, including bottled water, at the Studio.

H. *Non-Compliance Fee*. Franchisor reserves the right to charge its then-current per day Non-Compliance Fee for each day Franchisee offers or sells unauthorized products or services from the Studio.

8.5 **Compliance with Laws.** Franchisee agrees to comply with all Applicable Laws and, as soon as practicable, but in any event prior to conducting any activities in connection with the Studio, obtain all insurance required by this Agreement or Applicable Laws and any required governmental permits, certificates or licenses necessary to occupy the Authorized Location and operate the Studio. Franchisee also agrees to file and publish, if required by Applicable Laws, a certificate of doing business (whether under a fictitious name or otherwise). Franchisee acknowledges and agrees that it has the sole responsibility to investigate and comply with any Applicable Laws in the jurisdiction in which the Studio is located that relate to the ownership, development and operation of the Studio and businesses generally (including, for example, requirements related to accessibility, protection of personally identifiable information, having staff during operating hours that are trained in certain life-saving procedures, and having certain life-saving and first aid equipment on premises, form and content of membership agreements, and other requirements that relate to gyms, fitness facilities, health spas, and similar businesses). Franchisee agrees to immediately provide Franchisor with a copy of any notice received by Franchisee from any person or state, local or governmental agency pertaining to compliance with any Applicable Laws including any such notices that any audit, investigation, or similar proceeding by any such person or governmental authority is pending or threatened against Franchisee on the basis of any of any the foregoing. Franchisee hereby certifies and represents that Franchisee, and any of its affiliates, any of its partners, members, shareholders or other equity owners, and their respective employees, officers, directors representatives or agents, are not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by any Executive Order or the United States Treasury Department as a terrorist, "Specially Designated National and Blocked Person," or other banned or blocked person, entity, nation or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control.

8.6 **Operational Efforts.** Franchisee agrees to keep Franchisor advised, in writing, of any manager and all teachers involved in the operation of the Studio and their contact information. Franchisee agrees to keep the Studio open for the hours stated in the Manual and as deemed appropriate by Franchisor. If Franchisee does not have a Designated Manager, then Franchisee (or its Operating Principal, as applicable) must be on-site at the Studio during normal business hours to manage day-to-day operations. Each Operating Principal must have the authority to act for Franchisee in all matters relating to the Studio, including voting responsibilities. Any change in the Operating Principal(s) is subject to Article 14 below and the training requirements of this Agreement.

8.7 **Performance Standards.** Franchisee and Franchisor have a shared interest in the Studio performing at or above the System Standards. Franchisor would not have entered into this franchise relationship if Franchisor had anticipated that Franchisee would not meet the following performance standards (the "Performance Standards"):

A. *System Standards*. Franchisor may choose, in its sole discretion, to evaluate the Studio for compliance with the System Standards using various methods (including, but not limited to, inspections, field service visits, surveillance camera monitoring, member comments/surveys, and secret shopper reports). Franchisee must meet minimum standards for cleanliness, equipment condition, repair and function, and customer service. Franchisee's employees, including any independent contractors, must meet minimum standards for courteousness and customer service.

B. *Minimum Monthly Gross Sales Quota*. Unless waived by Franchisor due to unique market conditions, Franchisee must meet a certain minimum monthly Gross Sales quota (the "Minimum Monthly Gross Sales Quota"), as follows: (i) Franchisee must achieve and maintain trailing 12-month average monthly Gross Sales of $30,000 by the first (1st) anniversary of the opening of the Studio; and (ii) Franchise must achieve and maintain trailing 12-month average monthly Gross Sales of $40,000 by the second (2nd) and each successive anniversary of the opening of the Studio. If Franchisee fails to meet the Minimum Monthly Gross Sales Quota for 36 consecutive months at any time during the Term, Franchisor, at its sole discretion, may institute a mandatory corrective training program or terminate this Agreement upon written notice to Franchisee.

9. ADVERTISING AND MARKETING

9.1 **Fund.**

A. Franchisee will be required to pay the appropriate Fund Contribution to Franchisor as described in Section 5.6 of this Agreement. In the event Franchisor increases the Fund Contribution from what it is as of the Effective Date, Franchisor will provide at least sixty (60) days' written notice of such increase in the Fund Contribution.

B. The Fund is administered by Franchisor (or its affiliates) with the assistance and advice provided by a marketing fund committee (the "MFC") pursuant to a charter agreement among Franchisor and the members of the MFC, which serves in an advisory capacity only. The MFC represents Club Pilates Studio franchisees and advises Franchisor with regard to all advertising, marketing and public relations programs and activities financed by the Fund, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. The MFC is purely advisory in nature and has no operational or ultimate decision-making authority.

C. Franchisee agrees that the Fund may be used to pay the costs of preparing and producing associated materials and programs as Franchisor may determine, including the use of social media; formulating, developing and implementing advertising and promotional campaigns; video, audio and written advertising materials employing advertising agencies; sponsorship of sporting, charitable or similar events; administering regional, national and multi-regional advertising programs including purchasing direct mail and other media advertising, website development/operation and to pay Internet, Intranet, URL, 800 or similar number, and other charges, fees and/or expenses, including employing advertising agencies to assist with marketing efforts; supporting public relations, market research and other advertising, promotional and marketing activities; the reasonable costs of administering the Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the Fund and/or creation, development and/or placement of any creative and/or implementation of any campaigns associated with the same. A brief statement regarding the availability of Club Pilates franchises may be included in advertising and other items produced using the Fund.

D. Franchisor may spend in any calendar year more or less than the total Fund Contributions to the Fund in that year. Franchisor may cause the Fund to invest any surplus for future use by the Fund. Franchisor (or its affiliates) may borrow from its affiliates (or Franchisor) or other lenders on behalf of the Fund to cover deficits of the Fund.

E. Franchisor, its affiliates, and/or their respective employees, agents, contractors, and designated vendors can provide goods, services, materials, etc. (including administrative services and/or "in-house advertising agency" services) and be compensated and/or reimbursed for the same by the Fund, provided that any such compensation must be reasonable in amount. Franchisor can arrange for goods,

services, materials, etc. (including administrative services) to be provided by independent persons/companies and all related costs, fees, etc. will be paid by the Fund.

F. The Fund need not be segregated from but will be accounted for separately from Franchisor's other funds and Franchisor will not use the Fund for its general operating expenses. All taxes of any kind incurred in connection with or related to the Fund, its activities, contributions to the Fund and/or any other Fund aspect, whether imposed on Franchisor, the Fund or any other related party, will be the sole responsibility of the Fund. Franchisor will not be required to audit the Fund, but will provide an annual accounting of the Fund at the written request of Franchisee that is made 120 days after the fiscal year at issue. All interest earned on monies contributed to, or held in, the Fund will be remitted to the Fund and will be subject to the restrictions of the relevant franchise agreements.

G. Franchisee acknowledges that the Fund Contributions are intended to maximize general public recognition of and the acceptance of the System and Marks generally, for the benefit of the System as a whole. Notwithstanding the foregoing, Franchisor undertakes no obligation, in administering the Fund Contributions to make expenditures that are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular Club Pilates Studio benefits directly or pro rata from advertising or promotion conducted with the Fund Contributions.

H. Franchisor maintains the right to terminate the collection and disbursement of the Fund Contributions and the Fund. Upon termination, Franchisor will disburse the remaining funds for the purposes authorized under this Agreement.

9.2 **Initial Marketing Spend; Local Marketing Activities.**

A. *Initial Marketing Spend*. Franchisee must spend a minimum of $15,000 (the "Initial Marketing Spend") in connection with the pre-opening sales and marketing activities set forth in connection with (i) Franchisee's approved Opening Support Program, and (ii) other marketing and promotional activities that Franchisor approves or designates. Franchisor may also require that Franchisee expend all or any portion of the Initial Marketing Spend on initial marketing/advertising and/or public relations materials or services that are purchased from an Approved Supplier. The Initial Marketing Spend will not count towards Franchisee's local advertising expenditure requirements provided in Section 9.2.B below.

B. *Local Advertising Requirement*. Franchisee is responsible for local advertising and marketing activities to attract members to the Studio. Franchisee must expend at least $1,500 per month on approved local advertising and marketing activities designed to promote the Studio within the Designated Territory. Upon Franchisor's written request, Franchisee must provide Franchisor with an accounting of all expenditures made by Franchisee to comply with this Section, along with any invoices or other documentation to support such expenditures. Franchisor may, at any time and on notice to Franchisee, change the amount that Franchisee must spend on local advertising and marketing activities for its Studio.

C. *Advertising Standards*. Franchisee's advertising will be in good taste and conform to ethical and legal standards and Franchisor's requirements. Franchisor may require Franchisee to submit samples of all advertising and promotional materials (and any use of the Marks and/or other forms of commercial identification) for any media, including the Internet or otherwise. Franchisor retains the right to approve or disapprove of such advertising, in its sole discretion. Franchisee agrees not to use any materials or programs or medium of advertising disapproved by Franchisor.

D. *Approval*. Franchisor must approve any form of co-branding, or advertising with other brands, products or services, in writing, in advance.

E. *Opening Support Program*. Franchisee must also expend all required amounts that Franchisor prescribes or otherwise approves as part of Franchisee's Pre-Sales Phase plan, including any amounts due to Franchisor's approved supplier for the Opening Support Program.

F. *Full Participation*. Franchisee must participate in all advertising and sales promotion programs that Franchisor may develop from time to time to promote and enhance the collective success of the System.

9.3 **Social Media Activities.** As used in this Agreement, the term "Social Media" is defined as a network of services, including, but not limited to, blogs, microblogs, and social networking sites, video-sharing and photo-sharing sites, customer review sites, marketplace sites, Wikis, chat rooms and virtual worlds, that allows participants to communicate online and form communities around shared interests and experiences. While it can be a very effective tool for building brand awareness, it can also be devastating to a brand if used improperly. Therefore, Franchisee must strictly follow the Social Media guidelines, code of conduct, and etiquette as set forth in the Manual, which may require Franchisee to comply with Franchisor's then-current privacy policy. Any use of Social Media by Franchisee pertaining to the Studio must be in good taste and not linked to controversial, unethical, immoral, illegal or inappropriate content. Franchisor reserves the right to "occupy" any Social Media websites/pages and be the sole provider of information regarding the Studio on such websites/pages (e.g., a system-wide Facebook page). At Franchisor's request, Franchisee will promptly modify or remove any online communication pertaining to the Studio that does not comply with this Agreement or the Manual.

9.4 **Franchisee Marketing Groups.** Franchisor may decide to form one or more associations and/or sub-associations of Club Pilates Studios to conduct various marketing-related activities on a cooperative basis (a "Co-Op"). If one or more Co-Ops (local, regional and/or national) are formed covering Franchisee's area, then Franchisee must join and actively participate. Franchisee will be entitled to one (1) vote if Franchisee is in Good Standing at the time the vote is taken. Franchisee will be considered in "Good Standing" if it is not in default of any obligation to Franchisor or any of Franchisor's affiliates, whether arising under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor's affiliates), the Manual or other System requirements. Franchisee may be required to contribute such amounts as are determined from time to time by such Co-Ops.

10. FINANCIAL REPORTS, AUDITS, COMPUTER SYSTEM AND INSURANCE REQUIREMENTS

10.1 **Records and Reports.** Franchisee shall maintain and preserve for four (4) years or such period as may be required by law (whichever is greater) from the date of their preparation such financial information relating to the Studio as Franchisor may periodically require, including without limitation, Franchisee's sales and use tax returns, register tapes and reports, sales reports, purchase records, and full, complete and accurate books, records and accounts prepared in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor. Franchisee agrees that its financial records shall be accurate and up-to-date at all times. Franchisee agrees to promptly furnish any and all financial information, including tax records and returns, relating to the Studio to Franchisor on request.

10.2 **Right to Conduct Audit or Review.** Franchisor shall have the right, in its sole determination, to require a review by such representative(s) as Franchisor shall choose, of all information pertaining to the Studio, including financial records, books, tax returns, papers, and business management software programs of Franchisee, at any time during normal business hours without prior notice for the purpose of accurately tracking unit and System-wide sales, sales increases or decreases, effectiveness of advertising and promotions, and for other reasonable business purposes. Such review will take place at the Studio or Franchisee's head office (if different), or both, and Franchisee agrees to provide all information pertaining

to the Studio requested by Franchisor during its review. If (a) the audit is conducted because of a failure by Franchisee to furnish reports, supporting records or other required information or to furnish the reports and information on a timely basis, or (b) the audit otherwise reveals an underreporting of two percent (2%) or more by Franchisee, then Franchisee shall reimburse Franchisor for all costs of the audit or review including, without limitation, travel, lodging, wage expense and reasonable accounting and legal expense. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

10.3 **Computer System and Software.** Franchisee must acquire a computer for use in the operation of the Studio. Franchisee agrees to record all of its receipts, expenses, invoices, member lists, class and employee schedules and other business information promptly in the computer system and use the software that Franchisor specifies or otherwise approves. Franchisor reserves the right to change the computer system, and the accounting, business operations, customer service and other software at any time. Data, including names, addresses, contact information, and credit card or payment information of members of the Studio will be captured on the required software and is the property of Franchisor and part of Franchisor's Confidential Information. Franchisee will provide Franchisor with any passwords necessary to access the business information for the Studio that is stored on the required software and online. Franchisor may use such information to communicate directly to the members of the Studio, and to provide updates, information, newsletters, and special offers to the members. Franchisee must upgrade and maintain the computer system and software in the Studio, as required by Franchisor from time to time, and pay any fees associated with such upgrades. Upon expiration or termination of this Agreement, Franchisee shall have no further access or rights to the member information and Franchisor shall be the sole owner of such information.

10.4 **Insurance.**

A. Prior to opening the Studio for business and throughout the entire Term, Franchisee will keep in force at Franchisee's own expense and by advance payment of the premium, the insurance coverages and coverage amounts specified in the Manual from time to time.

B. All insurance policies must be written by an insurance company licensed in the state in which Franchisee operates its Studio. The insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide. Franchisor, as well as its parent and subsidiaries/affiliates, shall be included as Additional Insureds on Studio's Commercial General Liability policy.

C. Franchisor reserves the right, from time to time, in its discretion, to upgrade the insurance requirements or lower the required amounts as to policy limits, deductibles, scope of coverage, or rating of carriers in response to current industry standards, market conditions and/or landlord requirements. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from Franchisor.

D. Franchisor reserves the right to designate, or require pre-approval of, the provider of any insurance required in connection with the Studio.

E. Franchisee's obligation to obtain and maintain insurance shall not be limited by reason of any insurance that may be maintained by Franchisor nor relieve Franchisee of liability under the indemnity provisions set forth in this Agreement. All insurance policies and coverage must name Franchisor as an additional insured, waive any subrogation rights or other rights to assert a claim back against Franchisor and shall contain a clause requiring notice to Franchisor thirty (30) days in advance of any cancellation or material change or cancellation to any such policy. Franchisee shall give Franchisor certificates of coverage

at least annually. Failure to obtain or the lapse of any of the required insurance coverage shall be grounds for the immediate termination of this Agreement pursuant to Section 15.1, and Franchisee agrees that any losses, claims or causes of action arising after the lapse of or termination of insurance coverage will be the sole responsibility of Franchisee and that Franchisee will hold Franchisor harmless from all such losses, claims and/or causes of action. In addition, but not to the exclusion of the foregoing remedy, if Franchisee fails to procure or maintain the required insurance, Franchisor shall have the right and authority, but not the obligation, to procure immediately the insurance and Franchisee shall reimburse Franchisor for the cost of the insurance plus reasonable expenses immediately upon written notice. Franchisee is required to submit to Franchisor a copy of a Certificate of Insurance, with Franchisor as an additional insured, showing compliance with the foregoing requirements at least thirty (30) days before Franchisee commences operation of the Studio. Franchisor shall have a security interest in all insurance proceeds to the extent Franchisee has any outstanding obligations to Franchisor.

11. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

11.1 **Independent Contractor.** The only relationship between Franchisor and Franchisee created by this Agreement is that of independent contractor. The business conducted by Franchisee is completely separate and apart from any business that may be operated by Franchisor and nothing in this Agreement shall create a fiduciary relationship between them or constitute either party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other party for any purpose whatsoever. Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a license from Franchisor, and Franchisee agrees to take such action including exhibiting a notice to that effect in such content, form and place as Franchisor may specify. It is further specifically agreed that Franchisee is not an affiliate of Franchisor and that neither party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party. Neither party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties.

11.2 **Indemnification.** Franchisee agrees to indemnify, defend and hold Franchisor, its owners, affiliates, successors and assigns, and the directors, officers, owners, managers, employees, servants, agents of each (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Franchisee's (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the offer/sale of the Studio prior to the execution of this Agreement, (b) ownership, construction, development, management, or operation of the Studio in any manner, (c) gross negligence or intentional misconduct, and/or (d) alleging Franchisee's or its representatives' violation of Applicable Laws as set forth in Section 8.5 above. Notwithstanding the foregoing, any Indemnitee may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Franchisee of all expenses and fees incurred in connection with such defense. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. Indemnitees need not seek recovery from any insurer or other third-party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Franchisee under this Section. Any Indemnitee's failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that person may recover from Franchisee under this Section.

12. CONFIDENTIAL INFORMATION

12.1 **Franchisor's Confidential Information.**

A. Franchisee acknowledges and agrees that all information relating to the System and to the development and operation of the Studio, including, without limitation, the Manual, Franchisor's training programs, members and supplier lists, customer data, or other information or know-how distinctive to the development or operation of a Club Pilates Studio (all of the preceding information is referred to herein as the "Confidential Information") is considered to be proprietary and trade secrets of Franchisor. Confidential Information does not include information, knowledge, or know-how, which is lawfully known to the public without violation of applicable law or an obligation to Franchisor or its affiliates. Franchisee agrees that all Confidential Information is to be held in the strictest of confidence during and after the Term and is not to be used for any purpose other than the development and operation of a Studio in accordance with this Agreement or divulged to anyone directly or indirectly at any time, except to Franchisee's Studio employees or independent contractors who have a need to know the information in order to operate the Studio and who are themselves bound by similar obligations of confidentiality and non-use. Upon Franchisor's request, Franchisee shall require the Studio's employees and any independent contractors to execute a nondisclosure and non-competition agreement in a form satisfactory to Franchisor. Franchisee shall not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of its Studio in accordance with this Agreement and agrees not to copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, nor otherwise make it available to any unauthorized person, nor use them in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall adopt and implement all reasonable procedures to prevent unauthorized use, duplication or disclosure of Franchisor's Confidential Information. If Franchisee or Franchisee's employees or any independent contractors learn about an unauthorized use of any Confidential Information, Franchisee must promptly notify Franchisor. Franchisor is not obligated to take any action but will respond to the information as it deems appropriate. If Franchisee at any time conducts, owns, consults with, is employed by or otherwise assists a similar or competitive business to that franchised hereunder, the doctrine of "inevitable disclosure" will apply, and it will be presumed that Franchisee is in violation of this covenant; and in such case, it shall be Franchisee's burden to prove that Franchisee is not in violation of this covenant.

B. Franchisee agrees that any new concept, process or improvement in the operation or promotion of the Studio developed by or on behalf of Franchisee that relates to or enhances Club Pilates Studios or the System, or any aspect of Franchisor's business, shall be the sole property of Franchisor, and Franchisee shall promptly notify Franchisor and shall provide Franchisor with all necessary information and execute all necessary documents to memorialize said ownership, or, if necessary, Franchisee's assignment of such ownership to Franchisor, without compensation. Franchisee acknowledges that Franchisor may utilize or disclose such information to other Franchisees.

12.2 **Injunctive Relief.** Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of this Article 12. Franchisee acknowledges and agrees that any failure to comply with the requirements of this Article 12 will cause Franchisor irreparable injury for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to injunctive relief as specified in Section 16.5 herein to enforce the terms of this Article 12. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 12. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or applicable law.

13. COVENANTS NOT TO COMPETE

13.1 **Non-Competition Covenants of Franchisee.**

A. *During the Term of this Agreement*. Franchisee agrees that neither Franchisee, its principals, owners, or guarantors, nor any immediate family of Franchisee, its principals, owners, or guarantors ("Restricted Parties"), will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation own, maintain, engage in, be employed or serve as an officer, director, or principal of, lend money or extend credit to, lease/sublease space to, or have any interest in or involvement with any fitness or exercise business, any fitness or exercise marketing or consulting business, any business offering products of a similar nature to those of the Studio, or in any business or entity which franchises, licenses or otherwise grants to others the right to operate such aforementioned businesses (each a "Competing Business"). Franchisee further agrees that the Restricted Parties shall not divert, or attempt to divert, any customer or prospective customer to a Competing Business in any manner.

B. *After the Term of this Agreement*.

(1) *Prohibition on Franchising Activities*. Franchisee agrees that, for a period of two (2) years after the expiration and nonrenewal, transfer or termination of this Agreement, regardless of the cause, neither it nor any other Restricted Party will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation, be involved with any business that competes in whole or in part with Franchisor by offering or granting licenses or franchises, or establishing joint ventures, for the ownership or operation of a Competing Business. The geographic scope of the covenant contained in this Section is any location where Franchisor can demonstrate it has offered or sold franchises as of the date this Agreement is terminated or expires.

(2) *Prohibition on Competing Businesses*. For two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, or have any interest in or involvement with, any other Competing Business: (i) at the Authorized Location; or (ii) within a ten (10) mile radius of (a) the Authorized Location, or (b) any other Club Pilates Studio owned by Franchisor, its affiliates, or any franchisee, which is open, under lease or otherwise under development as of the date this Agreement expires or is terminated.

(3) *Transfer of All Ownership Interests.* If an owner of Franchisee ceases to be an owner of Franchisee for any reason, the former owner shall comply with the provision of this Section 13.1.B as though this Agreement were terminated as of the date on which the owner ceased to be an owner.

13.2 **Non-Solicitation Covenants.**

A. *During the Term of this Agreement*. Franchisee represents and warrants that it will not divert or seek to divert customers from another Club Pilates Studio to its Studio.

B. *After the Term of this Agreement*. For two (2) years after the expiration, termination or non-renewal (by Franchisor or by Franchisee for any reason) of this Agreement or after Franchisee has assigned its interest in this Agreement, the Restricted Parties shall not (i) solicit business from customers of Franchisee's former Studio or any other Club Pilates Studio, or (ii) contact any of Franchisor's suppliers or vendors for any competitive business purpose.

13.3 **Enforcement of Covenants.**

A. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 13. Franchisee acknowledges and agrees that in view of the nature of the System and the business of Franchisor, the restrictions contained in this Article 13 are reasonable and necessary to protect the legitimate interests of the System and Franchisor. Franchisee further acknowledges and agrees that Franchisee's violation of the terms of this Article 13 will cause irreparable injury to Franchisor for which no adequate remedy at law is available, and Franchisee accordingly agrees that Franchisor shall be entitled to preliminary and permanent injunctive relief and damages, as well as, an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Franchisee agrees to waive any bond that may be required or imposed in connection with the issuance of any preliminary or provisional relief. Franchisee shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 13. If Franchisee violates any restriction contained in this Article 13, and it is necessary for Franchisor to seek equitable relief, the restrictions contained herein shall remain in effect until two (2) years after such relief is granted. If Franchisee contests the enforcement of Article 13 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 13 is delayed.

B. Franchisee agrees that the provisions of this covenant not to compete are reasonable. If, however, any court should find this Article 13 or any portion of this Article 13 to be unenforceable and/or unreasonable, the court is authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised.

C. Franchisor shall have the right, in Franchisor's discretion, to reduce the scope of any covenant not to compete set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee shall comply with any covenant as so modified.

14. TRANSFER OF INTEREST

14.1 **Franchisor's Approval Required.** All rights and interests of Franchisee arising from this Agreement are personal to Franchisee and except as otherwise provided in this Article 14, Franchisee shall not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber its interest in this Agreement, in the license granted hereby, in the assets of the Studio, any of its rights hereunder, or in the lease for the premises at which the Studio is located (each a "Transfer"), and any purported Transfer shall be null and void. If Franchisee is a corporation, limited liability, partnership, or an individual or group of individuals, any assignment (or new issuance), directly or indirectly, occurring as a result of a single transaction or a series of transactions that alters the percentages of ownership interests reflected on Exhibit 1 to this Agreement must promptly be reported to Franchisor and is a Transfer within the meaning of this Article 14. Any proposed Transfer shall be subject to Franchisor's right of first refusal provided in Section 14.5 below.

14.2 **Conditions for Approval of Transfer.** Franchisee must provide Franchisor with all information or documents that Franchisor requests about the proposed Transfer, the transferee, and its owners. Upon Franchisor's receipt of such information, Franchisor shall not unreasonably withhold its approval of a proposed transfer, provided that the prospective transferee, in Franchisor's reasonable judgment, is of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and

competent business experience, aptitude and financial resources acceptable to Franchisor's then-current standards for franchisees; and that the following conditions are met: (1) Franchisee pays Franchisor a transfer fee in an amount equal to $10,000 (except in those cases set forth at the end of this Section where only an administrative fee is charged), as well as any applicable broker fees due in connection with the transaction; (2) Franchisee and its related parties sign a prescribed form of general release in favor of Franchisor and its related parties; (3) the proposed transferee (and, if appropriate, their respective owners) must pay the applicable Training Fee of $30,000; (4) the proposed transferor and transferee and their respective owners must execute a form of consent to transfer pursuant to which, at Franchisor's option, either (a) transferee agrees to execute Franchisor's then-current form of franchise agreement that will then govern the balance of the Term, or (b) this Agreement is assigned to and assumed by the proposed transferee; (5) the Studio and equipment must be upgraded, refurbished or repaired if Franchisor, in its sole discretion, decides it is necessary; (6) the transferee (a) completes (or has its Operating Principal complete) the Owner/Operator Module and has its Designated Manager complete the Designated Manager Training Program, and (b) has at least one (1) Authorized Instructor prior to reopening, and/or resuming the provision of Approved Services at, the Studio; (7) all monies owed, however arising, by Franchisee or its affiliates to Franchisor, its affiliates, and all suppliers to the Studio are paid; and (8) there must not be an outstanding default of any provision of this Agreement or of any other agreement between Franchisee (or its affiliates) and Franchisor (or its affiliates). Instead of the standard transfer fee, Franchisee must pay an administrative fee at the time of proposing any transfer or assignment amounting to (a) $500 if Franchisee is an individual (or individuals) and the transfer is from Franchisee to an entity that is wholly owned by such individual(s), or (b) $1,500 if the transfer is from Franchisee to an immediate family member.

14.3 **Death or Disability of Franchisee.** In the event of the death or disability of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner of a Franchisee which is a partnership, or a member of a Franchisee which is a limited liability company, the transfer of Franchisee's or the deceased stockholder's, partner's or member's interest in this Agreement to his or her heirs, trust, personal representative or conservators, as applicable, must occur within six (6) months of the death or disability, but, shall not be deemed a Transfer by Franchisee (provided that the responsible management employees or agents of Franchisee have been satisfactorily trained at Franchisor's Initial Training Program) nor obligate Franchisee to pay any transfer fee. If Franchisor determines (i) there is no imminent transfer to a qualified successor or (ii) there is no heir or other principal person capable of operating the Studio, Franchisor shall have the right, but not the obligation, to immediately appoint a manager and commence operating the Studio on behalf of Franchisee or its estate. Franchisee shall be obligated to, and shall, pay to Franchisor all reasonable costs and expenses for such management assistance, including without limitation, the manager's salary, room and board, travel expenses and all other related expenses of the Franchisor appointed manager. Operation of the Studio during any such period shall be for and on behalf of Franchisee, provided that Franchisor shall only have a duty to utilize reasonable efforts and shall not be liable to Franchisee or its owners for any debts, loses or obligations incurred by the Studio, or to any creditor of Franchisee for any supplies, inventory, equipment, furniture, fixtures or services purchased by the Studio during any period in which it is managed by a Franchisor appointed manager. Franchisor may, in its sole discretion, extend the six (6) month period of time for completing a transfer contemplated by this Section.

14.4 **Relocation.** Franchisee may not relocate the Studio from the Authorized Location without Franchisor's prior written approval, which Franchisor may provide in its sole discretion. Franchisee agrees and acknowledges that: (i) it must pay Franchisor a $5,000 relocation fee at the time Franchisee makes any relocation request; and (ii) Franchisor is not likely to approve any relocation request unless (a) due to extreme circumstances that are beyond Franchisee's control, and (b) Franchisee is in full compliance with this Agreement.

14.5 **Franchisor's Right of First Refusal.** If Franchisor (or any of its owners) desire to engage in a Transfer, Franchisee (or its owners) agree to obtain from a responsible and fully disclosed buyer, and send

to Franchisor, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating exclusively to an interest in Franchisee or in this Agreement and the Studio. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. The right of first refusal process will not be triggered by a proposed Transfer that would not be allowed under Sections 14.1 and 14.2 above. Franchisor may require Franchisee (or its owners) to send to Franchisor copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within 30 days after Franchisor receives an exact copy of the bona fide offer and all relevant information that Franchisor requests, Franchisor may, by written notice delivered to Franchisee or its selling owner(s), elect to purchase the interest offered for the price and on the terms and conditions contained in the offer. Franchisor may substitute any form of payment proposed in the offer as acceptable consideration. If Franchisor exercises its right of first refusal, Franchisor will have 30 days from the date that Franchisor notified Franchisee of its intended purchase. Franchisee and its owners must make all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, and Franchisee and its selling owner(s) (and their immediate family members) must comply with the obligations regarding Competing Businesses, as though this Agreement had expired on the date of the purchase. Franchisor has the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 14.5.

If Franchisor decides not to exercise its right of first refusal, Franchisee or its owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor otherwise approved the Transfer in accordance with, and Franchisee (and its owners) and the transferee comply with the conditions in, Sections 14.1 and 14.2 above. If Franchise does not complete the sale to the proposed buyer within 60 days after either Franchisor notifies Franchisee that it does not intend to exercise its right of first refusal or the time Franchisor's exercise expires, or if there is a material change in the terms of the sale (which Franchisee agrees to tell Franchisor promptly), Franchisor or its designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's or its designee's option.

14.6 **Transfer by Franchisor.** Franchisor shall have the right to transfer, assign or delegate all or any part of its rights or obligations herein to any person or legal entity, directly or indirectly, by merger, assignment, pledge or other means.

15. DEFAULT AND TERMINATION OF AGREEMENT

15.1 **Termination of Franchise by Franchisor.** Franchisor shall have the right to terminate this Agreement for "good cause" upon delivering notice of termination to Franchisee. For purposes of this Agreement, "good cause" shall include, without limitation: (i) a material breach of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, (ii) intentional, repeated or continuous breach of any provision of this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates, and (iii) the breaches (and, if applicable, failure to cure such breaches) described below in this Section 15.

A. *Immediate Termination.* Franchisee shall be deemed to be in default and Franchisor may terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon receipt of notice by Franchisee, and such termination shall be for good cause where the grounds for termination are:

(1) Franchisee has made any material misrepresentation or omission in the Application Materials or otherwise in connection with applying for the franchise or in executing or performing under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;

(2) Franchisee becomes insolvent by reason of Franchisee's inability to pay debts as they become due, or makes an assignment for the benefit of creditors or makes an admission of Franchisee's inability to pay obligations as they become due;

(3) Franchisee files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against Franchisee or a receiver is appointed for Franchisee's business, or a final judgment remains unsatisfied or of record for thirty (30) days or longer; or if Franchisee is a corporation, limited liability company or partnership, Franchisee is dissolved;

(4) Franchisee voluntarily or otherwise abandons the Studio. For purposes of this Agreement, the term "abandon" means: (i) failure to actively operate the Studio for more than two (2) business days without Franchisor's prior written consent; or (ii) any other conduct on the part of Franchisee or its principals that Franchisor determines indicates a desire or intent to discontinue operating the Studio in accordance with this Agreement or the Manual;

(5) Franchisee or any of its principal officers, directors, partners or managing members is convicted of or pleads no contest to a felony or other crime or offense that adversely affect the reputation of the System or the goodwill associated with the Marks;

(6) Franchisee or its owners make an unauthorized direct or indirect Transfer or attempted or purported Transfer or fails or refuses to transfer the Franchise or the interest in the Franchise of a deceased or disabled controlling owner thereof as required;

(7) Franchisee falsifies any financial reports or records required to be provided by Franchisee to Franchisor under this Agreement;

(8) Franchisee's: (i) disclosure, utilization, or duplication of any portion of the System, the Manual or other proprietary or Confidential Information relating to the Studio that is contrary to the provisions of this Agreement; or (ii) misuse of the Marks in any manner not expressly authorized by Franchisor;

(9) Franchisee violates any health or safety law, ordinance or regulation or operates the Studio in a manner that presents a health or safety hazard to its members or to the public;

(10) Franchisee fails to obtain lawful possession of an acceptable location and to open for business as a franchised Studio within six (6) months after this Agreement is accepted by Franchisor, unless Franchisor agrees otherwise in writing;

(11) Franchisee defaults under the lease agreement or otherwise loses the right to possess the premises at the location at which the Studio is located;

(12) Franchisee fails to comply with the covenants not to compete as required in Article 13 herein;

(13) Franchisee permits the offer or sale of products and services other than the Approved Services at the Studio in violation of the terms of this Agreement on two (2) or more occasions in any 24-month period, regardless of whether Franchisee subsequently cured the prior default(s);

(14) Franchisee, after curing a default pursuant to Section 15.1.B herein, commits the same act of default again within any six (6)-month period whether or not such default is cured after notice thereof is delivered to Franchisee; or

(15) Franchisee (or any of its owners) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with any provision of this Agreement, whether or not Franchisor notifies Franchisee of the failures, and if Franchisor does notify Franchisee of the failures, whether or not Franchisee corrects the failures after Franchisor's delivery of notice to Franchisee.

B. *Termination with Notice*. In addition to the provisions of Section 15.1.A, if Franchisee shall be in default under the terms of this Agreement and the default shall not be cured or remedied (to Franchisor's satisfaction) within thirty (30) days after receipt of written notice from Franchisor (or 10 days' prior notice in the event of a default that is described in Subsections (6), (7) or (8) below), in addition to all other remedies available to Franchisor at law or in equity, Franchisor may immediately terminate this Agreement on written notice to Franchisee. Franchisee shall be in default, and each of the following shall constitute good cause for termination under this Section:

(1) Failure, refusal or neglect by Franchisee to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement;

(2) Franchisee's failure to comply with any provision of this Agreement that does not otherwise provide for immediate termination, or Franchisee's bad faith in carrying out the terms of this Agreement;

(3) Failure by Franchisee to maintain books and financial records for the Studio suitable for proper financial audit or failure by Franchisee to permit Franchisor to carry out its rights to conduct an inspection or audit as provided in this Agreement or failure by Franchisee to submit as required by this Agreement all reports, records and information of the Studio;

(4) Franchisee, or if Franchisee has elected not to directly supervise "on-premises" the day-to-day Studio operations, then Franchisee's management employee, fails to complete, to Franchisor's satisfaction, the Initial Training Program as provided in this Agreement;

(5) Franchisee fails to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement, or is unable to obtain adequate financing to cover all costs of developing, opening and operating the Studio;

(6) Franchisee fails to pay when due any amounts owing to any person or entity in connection with the construction, leasing, financing, operation or supply of the Studio;

(7) Franchisee closes any bank account without completing all of the following after such closing: (i) immediately notifying Franchisor in writing, (ii) immediately establishing another bank account, and (iii) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by electronic funds transfer;

(8) Franchisee fails to maintain or suffers cancellation of any insurance coverage required under this Agreement or Applicable Laws;

(9) Franchisee allows classes to be taught or training to be conducted by teachers who have not successfully completed the Teacher Training Program or Bridge Training Program;

(10) Franchisee offers in conjunction with the operation of the Studio products or services that have not been approved by Franchisor;

(11) Franchisee fails to abide by the pertinent marketing and advertising requirements and procedures and participate in marketing programs for the Studio as established by Franchisor;

(12) Franchisee fails to comply with the Performance Standards as set forth in the provisions of this Agreement, as prescribed by Franchisor, or in the Manual, including, but not limited to, the Minimum Monthly Gross Sales Quota for a period of 36 consecutive months, System Standards for cleanliness, customer service, equipment maintenance, and any other System Standards which effect or enhance the member experience at the Studio; or

(13) Franchisee fails to (a) utilize Franchisor's then-current approved supplier to provide the Opening Support Program, (b) actively engage in the Pre-Sale Phase activities set forth in the plan that Franchisor and/or its approved supplier approves in connection with the Opening Support Program, and/or (c) fails to timely acquire the Initial Inventory Kit or expend the required minimum amounts that Franchisor prescribes in connection with the Pre-Sale Phase and other pre-opening activities designed to promote the Studio consistent with the terms of this Agreement.

15.2 **Cross-Default.** If there are now, or hereafter shall be, other franchise agreements or any other agreements in effect between Franchisee or any of its affiliates and Franchisor or any of its affiliates, a default by Franchisee or any of its affiliates and/or owners under the terms and conditions of this Agreement or any other such agreement, shall at the option of Franchisor, constitute a default under this Agreement and all such other agreements.

15.3 **Obligations of Franchisee upon Termination, Expiration or Non-Renewal.** Immediately upon termination, expiration or non-renewal of this Agreement for any reason:

A. All rights, privileges and licenses granted by Franchisor to Franchisee shall immediately cease and be null and void and of no further force and effect, and all such rights, privileges and licenses shall immediately revert to Franchisor;

B. Franchisee shall cease operating the Studio, and shall immediately, at its own expense, remove all signs, obliterate or remove all letterheads, labels or any other item or form of identification that would in any way link or associate Franchisee, its goods and/or services with Franchisor, and shall immediately cease to use, in any manner, the Marks, Confidential Information, System and any other intellectual property of Franchisor or its affiliates;

C. Franchisee shall immediately terminate all advertising and promotional efforts and any other act that would in any way indicate that Franchisee is or was ever an authorized Club Pilates Studio franchisee;

D. Franchisee shall cancel any assumed name of Franchisee or equivalent registration that contains any Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination, expiration or non-renewal of this Agreement;

E. Franchisee agrees not to use any reproduction, counterfeit, copy, or colorable imitation of the Marks that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in and to the Marks, and further agrees not to use any trade dress or designation of origin or description or representation that falsely suggests or represents an association or connection with Franchisor;

F. Franchisee shall pay all amounts owing to Franchisor and its approved suppliers under this Agreement and otherwise in connection with the Studio. In the event of termination for any default of Franchisee, such sums shall include all damages, costs and expenses, including reasonable legal fees, incurred by Franchisor as a result of the default;

G. Franchisee shall comply with the covenants set forth in Articles 12 and 13 of this Agreement;

H. Franchisee shall, at Franchisor's option, assign to Franchisor any interest that Franchisee has in any lease for the premises of the Studio; and

I. Franchisor shall have the option, exercisable by giving written notice thereof within thirty (30) days from the date of such termination, expiration or non-renewal to purchase any and all equipment, furniture, fixtures, signs, sundries and supplies owned by Franchisee and used in the Studio, at the lesser of (i) Franchisee's cost less depreciation computed on a reasonable straight line basis (as determined in accordance with generally accepted accounting principles and consistent with industry standards and customs) or (ii) fair market value of such assets, less (in either case) any outstanding liabilities of the Studio. In addition, Franchisor shall have the option to assume Franchisee's lease for the lease location of the Studio, or if an assignment is prohibited, a sublease for the full remaining term on the same terms and conditions as Franchisee's lease. No value will be attributed to the value of the Marks or the System or to the assignment of the lease (or sublease) for the premises or the assignment of any other assets used in conjunction with the Studio, and Franchisor will not be required to pay any separate consideration for any such assignment or sublease.

If the parties cannot agree on fair market value within thirty (30) days of Franchisor's notice of intent to purchase, fair market value shall be determined by an experienced, professional and impartial third-party appraiser without regard to goodwill or going concern value, designated by Franchisor and acceptable to Franchisee, whose determination shall be final and binding on both parties. The cost of such appraisal shall be borne equally by Franchisor and Franchisee. If the parties cannot agree upon an appraiser, one shall be appointed by the American Arbitration Association, upon petition of either party.

Franchisor shall have the right to withhold from the purchase price funds sufficient to pay all outstanding debts and liabilities of Franchisee and the Studio and to pay such debts and liabilities from such funds.

J. Termination, expiration or non-renewal of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against Franchisee, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

15.4 **Franchisor's Rights and Remedies in Addition to Termination.**

A. If Franchisee shall be in default in the performance of any of its obligations or breach any term or condition of this Agreement, in addition to Franchisor's right to terminate this Agreement, and without limiting any other rights or remedies to which Franchisor may be entitled at law or in equity, Franchisor may, at its election, immediately or at any time thereafter, and without notice to Franchisee cure such default for the account of and on behalf of Franchisee including entering upon and taking possession of the Studio and taking, in the name of Franchisee, all other actions necessary to effect the provisions of this Agreement and any such entry or other action shall not be deemed a trespass or other illegal act, and Franchisor shall not be liable in any manner to Franchisee for so doing, and Franchisee shall pay the entire

cost thereof to Franchisor on demand, including reasonable compensation to Franchisor for the management of the Studio.

B. Franchisor and Franchisee agree that Franchisor will suffer compensable damages including, among others, the amount of the Royalty and Fund Contributions it would have received, and for which it bargained in entering into this Agreement, if Franchisee terminates this Agreement without cause or Franchisor terminates this Agreement because of Franchisee's breach (the "Lost Revenue Damages"), Franchisor and Franchisee acknowledge that, because Royalty and Fund Contributions are calculated as a percentage of the Studio's Gross Sales, it will be impossible to calculate Lost Revenue Damages once the Studio ceases operation. To bring certainty to that determination, Franchisor and Franchisee agree that Lost Revenue Damages will equal the net present value of: (1) the lesser of 36 or the number of calendar months remaining on the Term absent the termination, multiplied by (2) the sum of the Royalty and Fund Contribution percentages in effect as of the termination date, multiplied by (3) the average monthly Gross Sales of the Studio during the 24 full calendar months immediately preceding the termination date, minus (4) any cost savings Franchisor experienced as a result of the termination; provided, however, that if (i) as of the termination date, the Studio had not operated a full 24 calendar months, monthly average Gross Sales will equal the highest monthly Gross Sales achieved during the period in which it operated, and (ii) if the termination was based on Franchisee's unapproved closure of the Studio, average monthly Gross Sales would be based on the 24 full calendar months immediately preceding the closure of the Studio.

C. Franchisor and Franchisee acknowledge and agree that (a) their agreement on the calculation of Lost Revenue Damages is a reasonable determination of actual damages that will be suffered by Franchisor in the event of a termination as described above is not a penalty, and (b) Lost Revenue Damages represent only lost Royalty and Fund Contributions, and the right to recover such damages is not exclusive of and does not replace any other rights Franchisor has under this Agreement or applicable law if this Agreement is terminated as described above, including the right to seek other damages it suffers as a result of a termination as described above or the events on which such termination was based.

16. RESOLUTION OF DISPUTES

16.1 **Governing Law.** This Agreement is governed by the laws of the state of California without reference to this state's conflict of laws principles (subject to state law), except that: (i) any disputes or actions involving any non-competition covenants set forth in this Agreement or any other franchise agreement, including the interpretation and enforcement thereof, shall be governed by the law of the state where the Studio is located; and (ii) any franchise-specific or franchise-applicable laws of California, including those related to pre-sale disclosure and the franchise relationship generally, will not apply to this Agreement or franchise awarded hereunder unless the awarding of said franchise meets all jurisdictional and other requirements to specifically fall within the scope of such California laws, regulations or statutes without reference to and independent of any reference to this choice of law provision.

16.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third-party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

16.3 **Mediation.** At Franchisor's option, all claims or disputes between Franchisee or its owners and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution

procedure set forth in Section 16.2 above, will be submitted first to mediation to take place at Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (a) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (b) any of the restrictive covenants contained in this Agreement; and (c) any of Franchisee's payment obligations under this Agreement.

16.4 **Mandatory Binding Arbitration.** Except as provided in Section 16.5 of this Agreement, Franchisee and Franchisor agree that all claims, disputes, suits, actions, controversies, or proceedings of any type whatsoever including any claim for equitable relief and/or where either party is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Franchisee or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees), on the one hand, and Franchisor or any of its affiliates (and any of their its respective shareholders, officers, directors, agents, and employees), on the other hand, on whatever theory and/or facts based, and whether or not arising out of or related to: (i) this Agreement or any other agreement between Franchisee or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees); (ii) Franchisor's relationship with Franchisee; (iii) the scope or validity of this Agreement or any other agreement between Franchisee or any of its affiliates (and any of their its respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which Franchisor and Franchisee acknowledge is to be determined by an arbitrator, not a court); or (iv) any Performance Standard (each, a "Claim") will be processed in the following manner:

A. Franchisee and Franchisor each expressly waives all rights to any court proceeding, except as expressly provided in Section 16.5 below.

B. All Claims shall be submitted to and resolved by binding arbitration that will take place at Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) or another location that Franchisor designates, before the AAA and in accordance with AAA's then-current Commercial Arbitration Rules. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and

post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by Franchisor or its affiliates generic or otherwise invalid.

C. Franchisor and Franchisee agree that any arbitration between Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) and Franchisee or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on Franchisee's behalf by any association or agent, with all rights to do any of the foregoing being hereby waived.

D. Franchisor and Franchisee agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Franchisor and Franchisee further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Franchisee.

E. This arbitration provision shall be deemed to be self-executing, and in the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

F. In no event shall Franchisor be liable to Franchisee for punitive damages in any action arising out of or relating to this Agreement, or any breach, termination or cancellation hereof.

G. Any arbitration proceeding involving this Agreement or the Studio generally, including all demands, other filings and evidence submitted in connection with such proceeding, must be kept strictly confidential by Franchisee and its representatives, unless Franchisor agrees otherwise in writing.

16.5 **Other Proceedings (Right to Injunctive Relief).** Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, nothing in this Agreement, including the provisions of Section 16.4, bars Franchisor's right to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Marks and Confidential Information (including any proprietary software used in connection with the Studio); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) the prohibition of any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

16.6 **Choice of Forum.**

A. Subject to the obligation to arbitrate under Section 16.4 above and the actions related to Section 16.5 above, Franchisor and Franchisee acknowledge and agree that any action brought by either

party (or any of their respective affiliates, owners, agents, guarantors or employees) against the other (or any of their respective affiliates, owners, agents, guarantors or employees) for the purpose of enforcing the terms and provisions of this Agreement shall be instituted solely in a state or federal court nearest to Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) and that Franchisee (and its respective affiliates, owners, agents, guarantors or employees) irrevocably waive any objection they may have to the exclusive jurisdiction of or the exclusive venue in such court.

B. If Franchisee (or any of its respective affiliates, owners, agents, guarantors or employees) institutes any arbitration or other legal proceedings in any venue or other court other than those specified, Franchisee shall assume all of Franchisor's costs in connection therewith, including, without limitation, reasonable attorney fees regardless of the outcome of such arbitration or legal proceedings.

16.7 **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the Term if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

16.8 **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

16.9 **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE OPERATIONS OF THE STUDIO, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD-PARTY.

16.10 **Attorneys' Fees and Costs.**

A. If legal action or arbitration is necessary to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable) and reasonable attorneys' fees, from the non-prevailing party as fixed by an arbitrator or court of competent jurisdiction.

B. Separate and distinct from the right of a prevailing party to recover expenses, costs and fees in connection with any legal proceeding or arbitration, the prevailing party shall also be entitled to receive all expenses, costs and reasonable attorneys' fees incurred in connection with the enforcement of any arbitration award or judgment entered. Furthermore, the right to recover post-arbitration award and

post judgment expenses, costs and attorneys' fees shall be severable and shall survive any award or judgment and shall not be deemed merged into such judgment.

C. Apart from the obligations in Sections 16.10.A and 16.10.B, Franchisee agrees and acknowledges that it will be responsible for the legal fees and other costs that Franchisor incurs in connection with certain modifications that Franchisor agrees to make to the Franchise Agreement, including without limitation, modifications made to address the following situations: (i) relocation; or (ii) any other amendment to extend a given performance deadline of Franchisee, modify the Designated Territory awarded hereunder, or otherwise modify, amend or supplement this Agreement in any way at the request of Franchisee or as necessary for Franchisee to avoid this Agreement being in default or subject to termination. Franchisor may set forth flat fee amounts designed to help defray the costs associated with addressing certain of the foregoing situations in the context of this Agreement or any other agreement with Franchisor, whether in the Manual or otherwise in a writing distributed to System franchisees.

16.11 **No Withholding of Payments.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

16.12 **Limitation of Actions.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware, or should have become aware after reasonable investigation, of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

16.13 **Third-Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Article 16, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

17. MISCELLANEOUS PROVISIONS

17.1 **Severability.** Each article, section, paragraph, term and provision of this Agreement, or any portion thereof, shall be considered severable and if, for any reason, any such portion of this Agreement is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

17.2 **Waiver and Delay.** No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist upon strict compliance by Franchisee with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and the right of Franchisor to demand exact compliance with

this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Franchisor of any payment(s) due it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

The following provision applies if Franchisee or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17.3 **Franchisor's Discretion.** Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Franchisee. Franchisee acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the System and may not be in the best interest of Franchisee as an individual franchise owner.

17.4 **Notices.** All notices which the parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service, addressed as follows:

If to Franchisor: Club Pilates Franchise SPV, LLC
17877 Von Karman Ave., Suite 100
Irvine, CA 92614
Attention: President

If to Franchisee: At the Studio's address or, if the Studio has been permanently closed, to:

_____
_____
_____

Except for Franchisor's right to send notices to the Studio's address as indicated above, a party may change its notice address at any time by written notice given to the other party as herein provided. Notices will be deemed delivered when actually delivered if delivered by hand, three (3) business days after postmark by the United States Postal Service if delivered by certified or registered mail, or the next business day after deposit with reliable overnight delivery service if delivered in that manner.

17.5 **No Recourse Against Nonparty Affiliates.** Franchisee agrees that it will look only to Franchisor to perform under this Agreement. Franchisor's affiliates are not parties to this Agreement and have no obligations under it. Franchisee may not look to Franchisor's affiliates for performance. Franchisee agrees that Franchisor's and its affiliates' members, managers, owners, directors, officers, employees and agents shall not be personally liable or named as a party in any action between Franchisor or its affiliates and Franchisee or its affiliates or their respective owners.

17.6 **Non-Disparagement.** Franchisee agrees that it will not (and to use its best efforts to cause its current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) make any untrue or derogatory statements concerning Franchisor and its affiliates, as well as their present and former officers, employees, shareholders, directors, agents, attorneys, servants, representatives, successors and assigns; or (ii) undertake any act which would (a) subject the Marks to ridicule, scandal, reproach, scorn, or indignity, (b) which would negatively impact the goodwill of Franchisor or its affiliates, the Marks, the System, or any other brands owned or controlled by Franchisor or its affiliates, or (c) constitute an act of moral turpitude.

17.7 **Security Interest.** Franchisee hereby collaterally assigns to Franchisor the lease for the Authorized Location and grants Franchisor a security interest in all of the assets of the Studio, including but not limited to inventory, accounts, supplies, equipment, contracts, cash derived from the operation of the Studio and sale of other assets, and proceeds and products of all those assets. Franchisee agrees to execute such other documents as Franchisor may reasonably request in order to further document, perfect and record its security interest. If Franchisee defaults in any of its obligations under this Agreement, Franchisor may exercise all rights of a secured creditor granted to Franchisor by law, in addition to Franchisor's other rights under this Agreement and at law. If an approved third-party lender requires that Franchisor subordinate Franchisor's security interest in the assets of the Studio as a condition to lending Franchisee working capital for the construction or operation of the Studio, Franchisor will agree to subordinate pursuant to terms and conditions determined by Franchisor. This Agreement shall be deemed to be a Security Agreement and Financing Statement and may be filed for record as such in the records of any county and state that Franchisor deems appropriate to protect its interests.

18. ACKNOWLEDGMENTS

18.1 THE SUBMISSION OF THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER AND THIS AGREEMENT SHALL BECOME EFFECTIVE ONLY UPON THE EXECUTION HEREOF BY THE FRANCHISOR AND THE FRANCHISEE. THE DATE OF EXECUTION BY THE FRANCHISOR SHALL BE CONSIDERED TO BE THE DATE OF EXECUTION OF THIS AGREEMENT.

18.2 THIS AGREEMENT SHALL NOT BE BINDING ON THE FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF THE FRANCHISOR.

18.3 FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COMPLETE COPY OF THIS AGREEMENT FOR A PERIOD NOT LESS THAN FOURTEEN (14) CALENDAR DAYS, DURING WHICH TIME FRANCHISEE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS LICENSED HEREUNDER TO THE EXTENT OF FRANCHISEE'S DESIRE TO DO SO. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, THAT FRANCHISEE WILL BE SUCCESSFUL IN THIS VENTURE OR THAT THE BUSINESS WILL ATTAIN ANY LEVEL OF SALES VOLUME, PROFITS, OR SUCCESS.

18.4 FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT ("FDD"), AND THE EXHIBITS HERETO CONSTITUTE THE ENTIRE AGREEMENT OF THE PARTIES. THIS AGREEMENT TERMINATES AND SUPERSEDES ANY PRIOR AGREEMENT BETWEEN THE PARTIES CONCERNING THE SAME SUBJECT MATTER. FRANCHISEE REPRESENTS, WARRANTS AND ACKNOWLEDGES THAT IT HAS NOT RELIED ON ANY INFORMATION NOT SPECIFICALLY DISCLOSED IN THE FDD IN MAKING ITS DETERMINATION TO ENTER INTO THIS AGREEMENT.

18.5 FRANCHISEE AGREES AND ACKNOWLEDGES THAT FULFILLMENT OF ANY AND ALL OF FRANCHISOR'S OBLIGATIONS WRITTEN IN THIS AGREEMENT OR BASED ON ANY ORAL COMMUNICATIONS WHICH MAY BE RULED TO BE BINDING IN A COURT OF LAW SHALL BE FRANCHISOR'S SOLE RESPONSIBILITY AND NONE OF FRANCHISOR'S AGENTS, REPRESENTATIVES, NOR ANY INDIVIDUALS ASSOCIATED WITH FRANCHISOR SHALL BE PERSONALLY LIABLE TO FRANCHISEE FOR ANY REASON.

19. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the parties concerning the granting, awarding and licensing of Franchisee as an authorized Club Pilates Studio franchisee at the Studio location, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement does not alter agreements between Franchisor and Franchisee for other locations. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Franchisee. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below to be effective as of the Effective Date.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
EFFECTIVE DATE: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT 1
TO
FRANCHISE AGREEMENT

1. **Name and Address of Franchisee**:

Franchisee Name: _____
Attention: _____
Address: _____
_____
Email Address: _____

2. **Form of Owner (check and complete one):**

___ Individual

___ Corporation ___ Limited Liability Company ___ Partnership

State Formed: _____ Date: _____

3. **Owners**. The following identifies the owner that Franchisee has designated as, and that Franchisor approves to be, the Operating Principal and lists the full name of each person who is one of Franchisee's owners (as defined in the Franchise Agreement), or an owner of one of Franchisee's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Type / %-age of Interest**
Operating Principal:	_____	_____%
Other Owners:	_____	_____%
	_____	_____%

4. **Designated Manager**: _____

5. **Authorized Location** (if determined on Effective Date):_____
_____

6. **Designated Territory** (if determined on Effective Date):_____
_____

7. **Designated Market Area** (if Authorized Location and Designated Territory undetermined as of Effective Date):_____
_____

EXHIBIT 2
TO
FRANCHISE AGREEMENT

AUTHORIZED LOCATION ADDENDUM

This Addendum is made to the Franchise Agreement (the "Franchise Agreement") between Club Pilates Franchise SPV, LLC ("Franchisor"), and _____ ("Franchisee"), dated _____, 20__.

1. Preservation of Agreement. Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

2. Authorized Location. The parties hereto agree that the Authorized Location referred to in Section 1.1 of the Franchise Agreement shall be the following:

_____.

3. Designated Territory, if any. Pursuant to Section 1.2 of the Franchise Agreement, Franchisee's Designated Territory will be defined as follows (if identified on a map, please attach map and reference attachment below):

ACKNOWLEDGED AND ACCEPTED:

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT 3
TO
FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to Club Pilates Franchise SPV, LLC (the "Franchisor") to execute the Franchise Agreement (the "Franchise Agreement"), dated _____, 20__ (the "Effective Date"), by and between Franchisor and _____ or his assignee, if a partnership, corporation or limited liability company is later formed (the "Franchisee"), the undersigned (each a "Guarantor"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Franchisee of each obligation undertaken by Franchisee under the terms of the Franchise Agreement.

Upon demand by Franchisor, Guarantor will immediately make each payment required of Franchisee under the Franchise Agreement. Guarantor hereby waives any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of Guarantor under this Guarantee, Indemnification and Acknowledgment (the "Guarantee"), Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

Guarantor waives notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee and agrees to be bound by any and all such amendments and changes to the Franchise Agreement.

Guarantor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment, or any other agreement executed by Franchisee referred to therein.

Guarantor hereby acknowledges and agrees to be individually bound by all obligations and covenants of Franchisee contained in the Franchise Agreement, including those related to non-competition and confidentiality.

If Guarantor is a business entity, retirement or investment account, or trust acknowledges and it agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee shall terminate upon the expiration or termination of the Franchise Agreement, except that this Guarantee shall continue in full force and effect with respect to all obligations and liabilities of Franchisee and Guarantor that arise from events that occurred on or before the effective date of such expiration or termination or that are triggered by or survive expiration or termination of the Franchise Agreement This Guarantee is binding upon each Guarantor and its respective estate, executors, administrators, heirs, beneficiaries, and successors in interest.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Franchise Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Franchise Agreement.

The provisions contained in Article 16 of the Franchise Agreement (Resolution of Disputes), including Section 16.1 (Governing Law), Section 16.3 (Mediation), Section 16.4 (Mandatory Binding Arbitration), Section 16.6 (Choice of Forum), and Section 16.10 (Attorneys' Fees and Costs), are incorporated into this Guarantee by reference and shall govern this Guarantee and any disputes between the Guarantors and Franchisor. The Guarantors shall reimburse Franchisor for all costs and expenses it incurs in connection with enforcing the terms of this Guarantee.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the Effective Date.

<table>
<tr><th colspan="2">GUARANTORS</th></tr>
<tr><td colspan="2">Area Developer (if applicable):

[Name of Developer]

By: _____
Name:_____
Title: _____

Address: _____</td></tr>
<tr><th>OWNER/GUARANTOR</th><th>SPOUSE/GUARANTOR</th></tr>
<tr><td>Name:_____

Sign: _____

Address: _____
_____
_____</td><td>Name:_____

Sign: _____

Address: _____
_____
_____</td></tr>
<tr><td>Name:_____

Sign: _____

Address: _____
_____
_____</td><td>Name:_____

Sign: _____

Address: _____
_____
_____</td></tr>
</table>

EXHIBIT 4
TO
FRANCHISE AGREEMENT

ADDENDUM TO LEASE

This Addendum to Lease (this "Addendum") modifies and supplements that certain lease dated _____, 20___ (the "Lease"), by and between Tenant and Landlord concerning the premises located at _____(the "Premises")

Landlord and Tenant, intending that Club Pilates Franchise SPV, LLC, a Delaware limited liability company, ("Franchisor") (and its successors and assigns) be a third-party beneficiary of this Addendum, agree as follows:

(1) Tenant may display the trademarks, service marks and other commercial symbols owned by Franchisor and used to identify the service and/or products offered at the Studio, including the name "Club Pilates," the Studio design and image developed and owned by Franchisor, as it currently exists and as it may be revised and further developed by Franchisor from time to time, and certain associated logos in accordance with the specifications required by Franchisor, subject only to the provisions of applicable law and in accordance with provisions in the Lease no less favorable than those applied to other tenants of Landlord;

(2) Tenant shall not, and the Landlord shall not permit Tenant to, sublease or assign all or any part of the Lease or the Premises, or extend the term or renew the Lease, without Franchisor's prior written consent;

(3) Landlord shall concurrently provide Franchisor with a copy of any written default notice sent to Tenant and thereupon grant Franchisor the right (but not the obligation) to cure any deficiency or default under the Lease, should Tenant fail to do so, within five (5) days after the expiration of the period in which Tenant may cure the default;

(4) The Premises shall be used only for the operation of a Club Pilates Studio;

(5) Tenant may, without Landlord's consent (but subject to providing Landlord with written notice thereof), at any time assign this Lease or sublease the whole or any part of the Premises to Franchisor or any successor, subsidiary, or affiliate of Franchisor;

(6) In the event of an assignment of the Lease to Franchisor as described in (6) above, Franchisor may further assign this Lease, subject to Landlord's consent, such consent not to be unreasonably withheld based on the remaining obligations of assignee under the Lease, to a duly authorized franchisee of Franchisor, and thereupon Franchisor shall be released from all further liability under the Lease;

(7) Franchisor, and its designated agents, will have the right to enter the Premises to make any modifications necessary to protect the Club Pilates brand and franchise system;

(8) Tenant agrees that Landlord may, upon Franchisor's request, disclose all reports, information, and data in Landlord's possession with respect to sales made in, upon, or from the Premises, to Franchisor;

(9) Until changed by Franchisor, notice to Franchisor shall be sent as follows:

Club Pilates Franchise SPV, LLC
17877 Von Karman Ave, Suite 100
Irvine, CA 92614
Attn: Head of Real Estate

(10) Landlord acknowledges that Tenant's operations at the Premises are independently owned and operated, and that Tenant alone is responsible for all obligations under the Lease, unless and until, Franchisor (or its affiliate or designee) expressly assumes such obligations in writing signed by an officer of Franchisor (or its applicable affiliate or designee);

(11) Any lien of Landlord in Tenant's trade fixtures, "trade dress," signage and other property at the Premises is hereby subordinated to Franchisor's interest in such items;

(12) None of the provisions in this Addendum or any rights granted Franchisor hereunder, may be amended absent Franchisor's prior written consent.

AGREED:

TENANT	LANDLORD
By: _____	By: _____
Its: _____	Its: _____
Date: _____	Date: _____

EXHIBIT A-2

NON-TRADITIONAL SITE ADDENDUM
TO FRANCHISE AGREEMENT

NON-TRADITIONAL SITE ADDENDUM TO FRANCHISE AGREEMENT

This Non-Traditional site Addendum to Franchise Agreement (the "Addendum") is made and entered into by and between Club Pilates Franchise SPV, LLC, a Delaware limited liability company ("Franchisor"); and _____, a _____ ("Franchisee"). Capitalized terms not defined in this Addendum have the meanings set forth in the Franchise Agreement (as defined below).

RECITALS

A. Contemporaneous with the execution of this Addendum, Franchisor and Franchisee entered into that certain Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisee was awarded the right, and undertook the obligation, to own and operate a Studio at the Authorized Location. The Authorized Location at which Franchisee has chosen to develop and operate the Studio is not a traditional location from which Studios typically operate and, thus, requires adaptation of certain System Standards.

B. The parties wish to amend certain terms of the Franchise Agreement to recognize and accommodate the non-traditional nature of the Authorized Location.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals (which are incorporated in and made a part of this Addendum), the covenants contained herein, and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Non-Traditional Site**. Section 1.2 of the Franchise Agreement (Site Approval Process) is supplemented and amended by adding the following to the end of the Section:

> The Authorized Location is situated within or adjacent to a host facility ("Host Facility") located at the address identified on Exhibit A hereto. If the placement and operation of the Studio in or in connection with the Host Facility requires the consent of the owner or operator of the Host Facility, Franchisee hereby agrees to obtain such consent in writing (and provide a copy thereof to Franchisor), and Franchisee also acknowledges and agrees that such consent is a condition precedent to Franchisor's approval of the Authorized Location in accordance with the Franchise Agreement. Franchisee acknowledges and agrees that the Authorized Location is strictly limited to the physical area within the Host Facility occupied by the Studio, which area will be used solely for the operation of the Studio. During the Term, Franchisee may not relocate the "Authorized Location" (i) within the Host Facility, or (ii) to another location and/or facility, without Franchisor's written approval.

2. **System Standards**. Section 2.2(E) of the Franchise Agreement is supplemented and amended by adding the following to the end of the Section:

> Franchisee acknowledges and agrees that Franchisor may, in its discretion, modify its System Standards for the Studio to accommodate the specific circumstances inherent in the Authorized Location (including the products and services that may offered for sale therefrom, the appearance of the Studio, the equipment, furniture, or fixtures that are used therein, and the hours of operation), and that such modifications may not apply to Studios at traditional locations or other non-traditional

locations. Franchisee agrees to comply with all such modifications that Franchisor communicates to it in writing.

3. **[Initial Franchise Fee**. The parties acknowledge and agree that, since Franchisor and Franchisee (or, if applicable, its affiliate) are parties to an effective franchise agreement (not including the Franchise Agreement) that comprises a designated territory in which the Authorized Location resides, the Initial Franchise Fee provided in Section 5.1 is hereby waived.]

4. **Termination**. In addition to any of Franchisor's termination rights set forth in Section 15 of the Franchise Agreement, Franchisor may immediately terminate the Franchise Agreement upon written notice and without any opportunity for cure if:

(i) the Host Facility engages in any conduct which, in Franchisor's opinion, adversely affects the reputation of the Studio or the goodwill associated with the Marks;

(ii) the Host Facility materially reduces the size or configuration of the Authorized Location, the business conducted by the Host Facility materially changes, or the Host Facility requires that Franchisee materially change the manner or location within the Host Facility in which the Studio is operated;

(iii) the Host Facility violates any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Studio; or

(iv) the Host Facility creates or allows to exist any condition in or at the Authorized Location or the Host Facility, or otherwise in connection with the operation of the Studio, which Franchisor reasonably determines to present a health or safety concern for the Studio customers or employees.

5. **Assumption of Management**. Section 15.4(A) of the Franchise Agreement is supplemented and amended by adding the following to the end of the Section:

Franchisor acknowledges that its ability to exercise its rights under this Section may be prohibited or restricted by the Host Facility, but Franchisee agrees to cooperate with Franchisor to secure the Host Facility's permission to allow Franchisor to assume management of the Studio if Franchisor exercise its rights under this Section.

6. **Miscellaneous.** This Addendum forms an integral part of the Franchise Agreement. The Franchise Agreement shall be amended only as described herein. All other provisions of the Franchise Agreement shall remain in full force and effect as provided therein. In the event of a conflict between the terms of the Franchise Agreement and this Addendum, the terms of this Addendum shall control. Except as amended by this Addendum, all the other terms and conditions of the Franchise Agreement are hereby ratified and confirmed, including the provisions related to governing law, attorneys' fees and costs, venue and dispute resolution, all of which will also apply to any claims, causes of action or disputes arising out of or related to this Addendum. This Addendum may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Addendum on the dates set forth below to be effective as of the Effective Date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT B

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA

Department of Financial Protection & Innovation
Commissioner of Financial Protection & Innovation
1 (866) 275-2677

Los Angeles

320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(916) 445-7205

San Diego

1350 Front Street
San Diego, California 92101
(619) 525-4044

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2722

(agent for service of process)

Commissioner of Securities of the
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division, E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 373-7177

(agent for service of process)

Michigan Department of Commerce,
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

(agent for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

(state administrator)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fifth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services Division of Finance & Corporate Securities
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4022 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-1064

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT C

FINANCIAL STATEMENTS

Deloitte.

Deloitte & Touche LLP
695 Town Center Drive
Suite 1000
Costa Mesa, CA 92626
USA

Tel:+1 714 436 7100
Fax:+1 714 436 7200
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Member of XPOF Assetco, LLC:

Opinion

We have audited the consolidated balance sheet of XPOF Assetco, LLC and its subsidiaries (the "Company") as of March 15, 2023, and the related notes (the "financial statement").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Company as of March 15, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statement is available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP

March 31, 2023

XPOF ASSETCO, LLC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 15, 2023
(amounts in thousands)

Assets		
Current Assets:		
Cash	$	8,000
Total current assets		8,000
Property and equipment, net		8,910
Intangible assets		90,812
Total assets	$	107,722
Liabilities and Equity		
Liabilities:		
Liabilities	$	-
Total liabilities		-
Member's equity:		
Member’s contribution		107,722
Total member's equity		107,722
Total liabilities and equity	$	107,722

See accompanying notes.

XPOF ASSETCO, LLC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 15, 2023
(amounts in thousands)

Note 1 – Organization and Description of Business

XPOF ASSETCO, LLC (the "Company"), a Delaware limited liability company (LLC), was formed on March 6, 2023. The single member of the Company is Xponential Fitness LLC, a Delaware limited liability company (the "Member"). The Company is the direct parent and sole member of Club Pilates Franchise SPV, LLC, CycleBar Franchising SPV, LLC, Stretch Lab Franchise SPV, LLC, Row House Franchise SPV, LLC, Yoga Six Franchise SPV, LLC, AKT Franchise SPV, LLC, PB Franchising SPV, LLC, Rumble Franchise SPV, LLC and BFT Franchise SPV, LLC, (together "Subsidiaries") each a Delaware limited liability corporation. The Company was formed in connection with a contemplated reorganization of Xponential Fitness LLC's structure. There were no operations of the Company prior to March 15, 2023.

The Member contributed $8,000 in cash, $8,910 in property and equipment and $90,812 in intangible assets as of March 15, 2023. The majority of the intangible assets contributed consist of trademarks related to Club Pilates, CycleBar and Pure Barre brands. As the Company and the Member are under common control, all of the assets were contributed at their respective carrying cost as of the contribution date. The assets contributed guarantee the existing debt of the Member. The Member is in the process of filing its first Franchise Disclosure Document ("FDD") under the newly formed Subsidiaries. The Company cannot enter into any new franchise agreements until the FDD is filed and considered effective.

Basis of presentation – The Company's financial statement has been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Principles of consolidation – The Company's consolidated financial statements include the accounts of its wholly owned subsidiaries. All intercompany transactions have been eliminated in consolidation.

Use of estimates – The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from these estimates under different assumptions or conditions.

Note 2 – Summary of Significant Accounting Policies

Cash and cash equivalents – The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents.

Concentration of credit risk – The Company holds its cash balances in one financial institution. As the cash balances exceed the amounts covered by the Federal Deposit Insurance Corporation, the excess balances could be at a risk of loss.

Property and equipment, net – Property and equipment includes software and digital platform and are carried at cost less accumulated depreciation. Depreciation is recognized on a straight-line method, based on the following estimated useful lives:

Software and digital platform 3-5 years

Software and digital platform consist primarily of costs associated with web development projects. The Company capitalizes eligible costs to acquire, develop, or modify digital platforms that are incurred subsequent to the preliminary project stage. Depreciation of these assets begins upon the initial usage of the digital platforms.

The cost and accumulated depreciation of assets sold or retired are removed from the accounts and any gain or loss is included in the results of operations during the period of sale or disposal.

Intangible assets – Intangible assets consist of indefinite and definitive-lived trademarks and web design and domains.

The Company tests for impairment of trademarks with an indefinite life annually or sooner whenever events or circumstances indicate that trademarks might be impaired. The Company first assesses qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of the trademarks is less than the carrying amount. In the absence of sufficient qualitative factors, trademark impairment is determined utilizing a two-step analysis. The two-step analysis involves comparing the fair value to the carrying value of the trademarks. The Company determines the estimated fair value using a relief from royalty approach. If the carrying amount exceeds the fair value, the Company impairs the trademarks to their fair value.

The recoverability of the carrying values of all intangible assets with finite lives is evaluated when events or changes in circumstances indicate an asset's value may be impaired. Impairment testing is based on a review of forecasted undiscounted operating cash flows. If such analysis indicates that the carrying value of these assets is not recoverable, the carrying value of such assets is reduced to fair value, which is determined based on discounted future cash flows, through a charge to the statement of operations. Amortization expense related to intangible assets with definitive lives is included in depreciation and amortization expense.

Income taxes – As a single member LLC, the Company is considered a disregarded entity. As such, the Company itself is typically not subject to an income tax liability as the taxable income or loss of the Company is passed through to the Member. Therefore, no liability for federal income taxes has been included in the financial statement. The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification Topic 740, *Income Taxes* ("ASC 740"). ASC 740 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and provides guidance on various related matters such as derecognition, interest, penalties and required disclosures. As of March 15, 2023, the Company does not have any uncertain tax positions.

Fair value measurements – ASC 820, Fair Value Measurements and Disclosures, applies to all financial assets and financial liabilities that are measured and reported on a fair value basis and requires disclosures that establishes a framework for measuring fair value and expands disclosure about fair value measurements. ASC 820 establishes a valuation hierarchy for disclosures of the inputs to valuations used to measure fair value.

This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates and yield curves), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 – Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company's own data.

XPOF ASSETCO, LLC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 15, 2023
(amounts in thousands)

Note 3 – Property and Equipment

Property and equipment consisted of the following:

	March 15, 2023
Software and digital platform	$ 8,910
Total property and equipment	$ 8,910

Note 4 –Intangible Assets

Intangible assets consisted of the following:

		March 15, 2023		
	Amortization period (years)	Gross amount	Accumulated amortization	Net amount
Trademarks	8.6	$ 18,026	$ —	$ 18,026
Web design and domain	2.0	179	—	179
Total definite-lived intangible assets		18,205	—	18,205
Indefinite-lived intangible assets:				
Trademarks	N/A	72,607	—	72,607
Total intangible assets		$ 90,812	$ —	$ 90,812

The estimated amortization expense of intangible assets is as follows:

Year ending December 31,	
2023	$ 1,762
2024	2,185
2025	2,106
2026	2,106
2027	2,106
Thereafter	7,940
Total	$ 18,205

Note 5 – Related Party Transactions

All start-up costs of the Company have been expensed and paid by the Member.

XPOF ASSETCO, LLC
CONSOLIDATED BALANCE SHEET
AS OF MARCH 15, 2023
(amounts in thousands)

Note 6 – Member's Equity

The capital structure of the Company consists of one class of membership interests (the "Interests"). The Member owns all of the Interests issued and outstanding and is the sole member of the Company and contributed $8,000 in cash, $8,910 in property and equipment and $90,812 in intangible assets as of March 15, 2023 to use in its operations and to satisfy minimum net worth requirements to qualify for large franchisor exemptions available under certain state franchise registration laws.

Note 7 – Subsequent events

The Company has evaluated subsequent events through March 31, 2023, which is the date this financial statement was available to be issued and noted none.

EXHIBIT D

GUARANTY OF PERFORMANCE

GUARANTY OF PERFORMANCE

For value received, **XPOF ASSETCO, LLC**, a Delaware limited liability company located at **17877 VON KARMAN AVENUE, SUITE 100, IRVINE, CALIFORNIA 92614** (the "Guarantor"), absolutely and unconditionally guarantees the performance by **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company located at **17877 VON KARMAN AVENUE, SUITE 100, IRVINE, CALIFORNIA 92614** (the "Franchisor"), of all of the obligations of Franchisor in accordance with the terms and conditions of the franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees as amended, modified or extended from time to time. This guaranty continues in full force and effect until all obligations of the Franchisor under its franchise registrations and Franchise Agreements are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive notice of Franchisor's default. This guaranty is binding on the Guarantor and its successors and assignees.

The Guarantor signs this guaranty at Irvine, California on the 3rd day of April, 2023.

GUARANTOR:

XPOF ASSETCO, LLC

By: _____

Name: John Meloun

Title: Chief Financial Officer

EXHIBIT E

STATEMENT OF PROSPECTIVE FRANCHISEE

CLUB PILATES FRANCHISE SPV, LLC
STATEMENT OF PROSPECTIVE FRANCHISEE

[Note: Dates and Answers Must Be Completed in the Prospective Franchisee's Own Handwriting.]

**** If the state franchise registration and disclosure laws of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin apply to you, then you are not required to complete this Statement of Prospective Franchisee****

Since the Prospective Franchisee (also called "me," "our," "us," "we" and/or "I" in this document) and Club Pilates Franchise SPV, LLC (also called the "Franchisor" or "Club Pilates") both have an interest in making sure that no misunderstandings exist between them, and to verify that no violations of law might have occurred, and understanding that the Franchisor is relying on the statements I/we make in this document, I/we assure the Franchisor as follows:

A. The following dates and information are true and correct:

1.	_____, 20___ **Initials** _____	The date on which I/we received a Uniform Franchise Disclosure Document about a Franchise.
2.	_____, 20___ **Initials** _____	The date when I/we received a fully completed copy (other than signatures) of the Franchise Agreement, Development Agreement (if appropriate) and all other documents I/we later signed.
3.	_____, 20___ **Initials** _____	The earliest date on which I/we signed the Franchise Agreement, Development Agreement or any other binding document (not including any Letter or other Acknowledgment of Receipt.)
4.	_____, 20___ **Initials** _____	The earliest date on which I/we delivered cash, check or other consideration to the Franchisor, or any other person or company.

B. Representations and Other Matters:

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, "side deals," options, rights-of-first-refusal or otherwise of any type (collectively, the "representations"), including, but not limited to, any which expanded upon or were inconsistent with the Disclosure Document, the Franchise Agreement, or any other written documents, have been made to or with me/us with respect to any matter (including, but not limited to, advertising, marketing, site location and/or development, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise) nor have I/we relied in any way on any such representations, except as expressly set forth in the Franchise Agreement, or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

_____.

(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

2. No oral, written, visual or other claim, guarantee or representation (including, but not limited to, charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested any specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, was made to me/us by Franchisor, its affiliates or agents/representatives, nor have I/we relied in any way on any such, except for information (if any) expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein), except as follows:

Prospective Franchisee's Initials: _____

3. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including, but not limited to, the Prospective Franchisee obtaining any financing, the Prospective Franchisee's selection, purchase, lease or otherwise of a location, any operational matters or otherwise) or the Prospective Franchisee fully performing any of the Prospective Franchisee's obligations, nor is the Prospective Franchisee relying on the Franchisor or any other entity to provide or arrange financing of any type, nor have I/we relied in any way on such, except as expressly set forth in the Franchise Agreement, Development Agreement (if and as appropriate) or a written Addendum thereto signed by the Prospective Franchisee and the Franchisor, except as follows:

_____.
(If none, the Prospective Franchisee should write NONE in his/her/their own handwriting.)

Prospective Franchisee's Initials: _____

4. The individuals signing for the "Prospective Franchisee" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Prospective Franchisee and each of such individuals has received the Uniform Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, Development Agreement (if and as appropriate), each written Addendum and any Personal Guarantees.

Prospective Franchisee's Initials: _____

5. I/we have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and the Franchisor has strongly recommended that I/we obtain such independent professional advice. I/we have also been strongly advised by the Franchisor to discuss my/our proposed purchase of, or investment in, a Club Pilates Studio Franchise with existing Franchisees prior to signing any binding documents or paying any sums and I/we have been supplied with a list of existing Club Pilates Studio Franchisees.

Prospective Franchisee's Initials: _____

6. I confirm that, as advised, I've spoken with past and/or existing Club Pilates Studio Franchisees, and that I made the decision as to which, and how many, Club Pilates Studio Franchisees to speak with.

Prospective Franchisee's Initials: _____

7. I/we understand that: entry into any business venture necessarily involves some unavoidable risk of loss or failure, the purchase of a Club Pilates Franchise (or any other) is a speculative investment, an investment beyond that outlined in the Disclosure Document may be required to succeed, there exists no guaranty against possible loss or failure in this or any other business and the most important factors in the success of any Club Pilates Franchise, including the one to be operated by me/us, are my/our personal business, marketing, sales, management, judgment and other skills.

Prospective Franchisee's Initials: _____

If there are any matters inconsistent with the statements in this document, or if anyone has suggested that I sign this document without all of its statements being true, correct and complete, I/we will (a) immediately inform the President of Club Pilates Franchise SPV, LLC (513-815-8467), and (b) make a written statement regarding such next to my signature below so that the Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

I/we understand and agree that the Franchisor does not furnish or endorse, or authorize its salespersons or others to furnish or endorse, any oral, written or other information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained), from franchised or non-franchised units, that such information (if any) not expressly set forth in Item 19 of the Franchisor's Disclosure Document (or an exhibit referred to therein) is not reliable and that I/we have not relied on it, that no such results can be assured or estimated and that actual results will vary from unit to unit, franchise to franchise, and may vary significantly.

Prospective Franchisee's Initials: _____

I/we understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

Date: _____

If the franchised business that you will operate is located in Maryland or if you are a resident of Maryland, the following shall apply:

> Any acknowledgments or representations of the franchisee which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

If any California franchisee completes this Statement of Prospective Franchisee, we will destroy, disregard, and will not rely on such Statement of Prospective Franchisee.

This Statement of Prospective Franchisee does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

PROSPECTIVE FRANCHISEE (Individual)

_____
Signature

_____
Printed Name

_____
Signature

_____
Printed Name

PROSPECTIVE FRANCHISEE (Corp., LLC or Partnership) [Must be accompanied by appropriate personal guarantee(s)]

_____
Legal Name of Entity

a _____
State of incorporation, formation, etc.

By: _____
Name

_____
Signature

Title:_____

EXHIBIT F

TABLE OF CONTENTS TO OPERATIONS MANUAL

TABLE OF CONTENTS

Chapter 1: General Information 1

1. The Purpose of the Manual 2
2. How to Use This Manual 3
3. The Club Pilates Story 5
3.1. The Brand 5
3.1.1. The Brand Voice *6*
3.1.2. The Brand Values *6*
3.1.3. The Brand Promise *7*
3.1.4. The Brand Manifesto *7*
3.1.5. The Brand Position *8*

Chapter 2: The Franchise Relationship 1

1. The Franchisee/Franchisor Relationship 2
1.1. Independent Contractor 2
1.2. Independently Owned and Operated 2
1.3. You Are the CEO of This Business 3
2. Our Responsibilities 4
2.1. Pre-opening Obligations 4
2.2. Continuing Obligations 4
3. Your Obligations 6
3.1. Participation in the Business 6
3.2. Compliance 6
3.2.1. Club Pilates Standards *6*
3.2.2. Compliance with the Law *7*
3.2.3. Products & Services *7*
3.2.4. Payment of Fees & Taxes *7*
3.2.5. Taxes *8*
3.3. Confidentiality 8
3.4. Site Development 8
3.4.1. Premises *8*
3.4.2. Opening *8*
3.4.3. Computers, Software & Technology *8*
3.5. Training 9
3.6. Use of Marks & Proprietary Information 9
3.7. Insurance 9
3.8. Approved Products & Services 11
3.9. Approved Vendors 12
3.10. Variances 12
3.10.1. How to Request a Variance *12*
3.10.2. Requesting New Products & Items *13*
3.11. Books, Records & Reports 13
3.12. Audits & Inspections 14
3.12.1. Financial Audits *15*
4. Establishing Your Business Entity 17
4.1. Naming & Identification 17
4.1.1. Correct Use of the Name *17*
4.1.2. Sample Business Names *18*
4.1.3. Governing Documents *18*
4.2. Tax Identification Numbers 18
5. Transfer Your Franchise Agreement 20
5.1. Initial Assignment 20
5.1.1. Process *21*
5.2. Change in Ownership 21
5.2.1. Process *22*

5.3. Transfers 23
5.3.1. Death or Disability *23*

5.3.2. Process *24*

Chapter 3: Operational Standards 1

1. The Importance of Standards 2
1.1. Objectivity & Measurement 2
1.2. Measurement Process 2
2. The Standards 4
2.1. Hours of Operations 4
2.2. Holiday Hours 4
2.3. Club Cleanliness and Maintenance Standards 4
2.4. Signs and Marketing 5
2.5. Memberships, Gift Cards & Reciprocity 5
2.6. Holiday Décor 6
2.7. Music 6
2.8. Workplace Attire 6
2.9. Personal Hygiene & Appearance 6
2.10. Behavior Standards 7
2.11. Quality Standards 7
2.12. Member Service Standards 8
2.13. Class Standards 8
2.14. Training Classes 9
2.14.1. Club Pilates Teacher Training Program *9*

Chapter 4: Personnel 1

1. Overview and Disclaimer 2
2. Laws and Requirements 3
2.1. @ Our Franchise 3
3. Job Descriptions 4
3.1. Elements of a Job Description 4
3.2. Suggested Club Pilates Job Descriptions 5
3.2.1. General Manager *5*
3.2.1.1. Responsibilities 5
3.2.1.2. Skills 6
3.2.2. Instructor *7*
3.2.2.1. Minimum Education Requirement 7
3.2.2.2. Essential Duties and Responsibilities 7
3.2.2.3. Skills and Qualifications 7
3.2.3. Lead Instructor *9*
3.2.3.1. Responsibilities 9
3.2.3.2. Skills 10
3.2.4. Sales Representative *11*
3.2.4.1. Responsibilities 12
3.2.4.2. Skills 12
4. Lead Sources for Hiring 13
5. Club Pilates Support Calls 15
6. Recruiting Instructors 16

Chapter 5: Studio Operations Best Practices 1

1. Overview 2
2. Club Pilates Classes 3
2.1. Class Standards 3
2.2. Signature Classes 4
2.2.1. CP Intro Class *4*
2.2.2. CP Reformer Flow *5*
2.2.3. CP F.I.T *5*
2.2.4. CPCardio Sculpt *5*

2.2.5. CP Center + Balance *5*
2.2.6. CP Control *6*
2.2.7. CP Restore *6*

2.2.8. CP Suspend *6*
2.2.9. CP Teen *6*
2.3. Class Levels 7
2.3.1. Level 1 – Foundation *7*
2.3.2. Level 1.5 Progression *7*
2.3.3. Level 2 – Evolution *7*
2.3.4. Level2.5 – Mastery *7*
2.4. Creating a Class Schedule 8
2.4.1. Soft Opening Schedule to 100 Members *8*
2.4.2. Grand Opening Schedule 100-200 Members *9*
2.4.3. Sustainable Studio Schedule – 200+ Members *10*
3. Intro Class 12
3.1. Before Class 12
3.2. During Class 12
3.3. End of Class 12
3.4. Class Variations 14
4. Private Training 22
5. Retail 24
5.1. Approved Products 24
5.2. How to Order 24
5.2.1. Start-up Orders *25*
5.2.2. Pre-Sale Orders *25*
5.2.3. Reorders *25*
5.3. Return Policy 26
5.4. Merchandising & Display 26
5.4.1. Floor Plan *26*
5.4.2. Retail Display *26*
5.4.3. Suggested Planograms *27*
5.4.4. Approved Vendors *28*
6. Daily Activities 29
6.1. Service Standards 29
6.1.1. Instructors and Students in the Studio *29*
6.1.2. Instructors & Teacher Training Students *29*
6.1.3. CEO Customer Service *29*
6.2. Activities 30
6.2.1. Daily Sales Emails *30*
6.2.2. Unhappy Member Emails *30*
6.2.3. Instructor Praise Emails *30*
6.2.4. Late Cancel Emails *31*
6.2.5. Sales Rep Phone Practices *31*
6.3. ClubReady Issues 31
6.4. Studio Cleanliness Best Practices 31
6.5. Voicemail 32
6.6. Shift Notes & Changes 32
6.7. Closing Procedures 32
7. ClubReady 33
8. NetPulse App 34
9. Teacher Training 35
9.1. Program 35
9.2. Marketing 35
9.3. Hosting 36
10. Club Pilates on Demand 37
10.1. Club Pilates on Demand App 37
10.2. Sales Process 40
10.2.1. Member Acquisition via the Studio *43*
10.2.2. Subscriber Acquisition Corporate *44*
10.3. Revenue Split 45
11. The Member 46
11.1. Member Needs & Goals 46
11.1.1. Age Requirements *46*

11.1.2. Teacher Training *46*
11.1.3. Unhappy Members *47*
11.1.4. Instructor Praise *47*

11.1.5. Late Cancellations *47*
11.2. Handling Dissatisfied Members 47
11.2.1. Listen & Understand *47*
11.2.2. Ask for a Suggestion *48*
11.2.3. Offer a Solution *48*
11.2.4. Get Agreement *48*
11.2.5. Deliver on the Promise *48*
11.2.6. Follow Up *48*
11.2.7. Difficult Members *49*

Chapter 6: Sales 1

1. Competition 2
1.1. Who Is the Competition 2
1.2. Understanding Your Market 2
1.3. Example Competitive Analysis 3
1.4. Secret Shopping 3
2. Pre-Sale 4
6.1.1. Expectations *4*
2.1.2. Pricing Specials *5*

2.2. Memberships Programs 5
2.2.1. Global Fit *5*
2.2.2. Bump Club & Beyond (BCB) *6*
2.2.3. ClassPass *6*
2.2.4. Groupon/Living Social *7*
2.2.5. Thread Nation *7*
2.3. Lulu Lemon 8
2.4. Waitlist 8
2.5. Passport All Access 8
2.5.1. Unlimited Single Club Access *9*
2.5.2. Annual Unlimited *9*
3. Membership Rates 10
4. Private Training 13
5. Sales Objections 14
5.1. Price 14
5.2. Have to Think About It 14
5.3. Talk to My Spouse/Partner 15
5.4. I Can Do It on My Own 15
6. Sign Them Up 16
7. Retention 17
7.1. Intro Class 17
7.1.1. Sales Staff *17*
7.1.2. Instructors *18*
7.1.3. Sales Staff *19*
8. Sales Time Line 20

Chapter 7: Crisis Management 1

1. Defining a Crisis 2
2. Crisis Communication 3
2.1. First Responders 4
2.2. Spokesperson 4
2.3. Member Liaison 5
2.4. Documentation Specialist 5
2.5. Dealing with the Press 5
2.5.1. Who May Talk to the Public *5*
2.5.2. What Not to Say *6*

Chapter 8: Studio Administration 1

1. Key Performance Indicators (KPI) & Profitability 2
1.1. Sales 2

1.1.1. Gross Sales 2
1.1.2. Member Volume 2
1.2. Costs 2
1.2.1. Labor Costs 2
1.2.2. COGS (Cost of Goods Sold) 3
1.2.3. Marketing 3
2. Managing the Numbers 4
2.1. Reports 4
2.1.1. Prospect Reports 4
2.1.2. Sales Reports 4
2.1.3. Daily 5
2.1.4. Weekly 5
2.1.5. Monthly 5
3. Inventory Control 7
4. Risk Management 8
4.1. Crime 8
4.2. Cash on Hand 9
4.3. Security Cameras 9
4.4. Locked Doors 9
4.5. General Safety 9
4.5.1. Spills & Water 9
4.5.2. Lifting 10
4.5.3. Fire & Earthquake Safety 10
4.5.4. Emergency Care 10
4.5.5. Incident Reports 11
4.5.6 Data Security 12

EXHIBIT G

FORM OF GENERAL RELEASE

CLUB PILATES FRANCHISE SPV, LLC
GENERAL RELEASE OF ALL CLAIMS

_____ **(FRANCHISEE**") and **_____, an individual** ("**GUARANTOR**") enter into this General Release on _____, with reference to the following facts:

1. On **_____, CLUB PILATES FRANCHISE SPV, LLC,** a Delaware limited liability company ("**FRANCHISOR**"), and FRANCHISEE entered into a Franchise Agreement (the "**Franchise Agreement**") to operate a Franchised Business located at _____ (the "**Premises**"). GUARANTOR guaranteed FRANCHISEE's performance under the Franchise Agreement pursuant to a Guarantee and Assumption of Obligations (the "Guarantee"). In consideration of FRANCHISOR'S processing and approval of _____, the Franchise Agreement provides that FRANCHISEE must sign this General Release as a condition to such _____. All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guarantee.

2. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCHISEE and GUARANTOR hereby release and forever discharge FRANCHISOR, its parents and subsidiaries and the directors, officers, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown (collectively "Damages"), which arose on or before the date of this General Release, including any Damages with respect to the Franchise Agreement, the Franchised Business, the Premises and the Guarantee. FRANCHISEE waives any right or benefit which FRANCHISEE or GUARANTOR may have under Section 1542 of the California Civil Code or any equivalent law or statute of any other state. Section 1542 of the California Civil Code reads as follows:

> "Section 1542. Certain claims not affected by general release. A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

3. This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding, express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled.

4. This Agreement shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns.

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned have executed this General Release as of the day and year set forth above.

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

GUARANTOR:

_____, an individual

EXHIBIT H

STATE SPECIFIC ADDENDA

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF CLUB PILATES FRANCHISE SPV, LLC

The following are additional disclosures for the Franchise Disclosure Document of CLUB PILATES FRANCHISE SPV, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE CALIFORNIA CORPORATION CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

3. OUR WEBSITE, https://www.xponential.com/franchising, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. THE FOLLOWING STATEMENT IS ADDED TO THE END OF ITEM 3:

Neither we, our parent, predecessor or affiliate nor any person in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following statement is added to the Remarks column of Item 6 for the row entitled **Late Fees**:

The highest rate of interest allowed by California law is 10% annually.

6. The following paragraphs are added at the end of Item 17:

The Franchise Agreement and Area Development Agreement require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement or Area Development Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Area Development Agreement or Franchise Agreement contain a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement and Area Development Agreement contain a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement and Area Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A Section 101 et seq.).

The Franchise Agreement and Area Development Agreement require binding arbitration. The arbitration will be conducted at our then current principal place of business (currently Irvine, California) or another location that we designate with the costs being borne as provided in the Franchise Agreement and Area Development Agreement. Prospective developers and franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement and Area Development Agreement restricting venue to a forum outside the State of California.

Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices it sets for goods and services. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the California's Cartwright Act (Cal. Bus. and Prof. Code §§ 16700 to 16770).

7. The following paragraphs are added at the end of Item 19:

The financial performance representations do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Studio. Franchisees

or former franchisees, listed in the Franchise Disclosure Document, may be one source of this information.

ILLINOIS

1. The "Summary" section of Item 17.u, entitled **Dispute resolution by arbitration or mediation**, and the "Summary" section of Item 17.v, entitled **Choice of forum**, are supplemented with the following:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

2. The "Summary" section of Item 17.w, entitled **Choice of law**, is deleted and replaced with the following:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement and Area Development Agreement.

3. The following paragraphs are added to the end of Item 17:

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement/area development agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

1. The following is added to the end of the "Summary" sections of Item 17.c, entitled **Requirements for renewal or extension**, and Item 17.m, entitled **Conditions for franchisor approval of transfer**:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" section of Item 17.h, entitled "**Cause" defined – non-curable defaults**:

The Area Development Agreement and Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (111 U.S.C. Sections 101 et seq.) but we will enforce it to the extent enforceable.

3. The "Summary" sections of Item 17.v, entitled **Choice of forum**, and 17.w, entitled **Choice of law**, are amended to add the following:

A franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following language is added to the end of the chart in Item 17:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MINNESOTA

1. The disclosure in the Item 6 chart, entitled "**Lost Revenue Damages**," is deleted in its entirety.

2. The following language is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

3. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and Area Development Agreement and 180 days' notice for non-renewal of the Franchise Agreement and Area Development Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring the Area Developer or Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document, Area Development Agreement or Franchise Agreement can abrogate or reduce any of Area Developer's or Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Area Developer's or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by governing law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE

COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

WE MAY, IF WE CHOOSE, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, WE CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE AREA DEVELOPER OR FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

With regard to us, our parent, predecessor or affiliate, the persons identified in Item 2, or an affiliate offering franchises under our principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; or unfair or deceptive practices; or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither we, our affiliate, predecessor, officers, or general partners or any other individual who will have management responsibility relating to the sale or operation of franchises offered by this Disclosure Document have, during the 10-year period immediately preceding the date of the Disclosure Document: (a) filed as debtor (or had filed against it)

a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

We apply the initial franchise fee to defray our costs for site review and approval, sales, legal compliance, salary, and general administrative expenses and profits.

5. The following is added to the end of the "Summary" sections of Item 17.c, entitled **Requirements for renewal or extension**, and Item 17.m, entitled **Conditions for franchisor approval of transfer**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The "Summary" section of Item 17.d, entitled **Termination by franchisee** is amended to add the following:

You may terminate the Franchise Agreement or the Area Development Agreement on any grounds available by law.

7. The "Summary" section of Item 17.j, entitled **Assignment of contract by franchisor** is amended to add the following:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and financially able to assume our obligations under the Area Development Agreement or Franchise Agreement.

8. The "Summary" sections of Item 17.v, entitled **Choice of forum**, and 17.w, entitled **Choice of law**, are amended to add the following:

However, the governing choice of law and choice of forum shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

1. The disclosure in the Item 6 chart, entitled "**Lost Revenue Damages**," will not be enforced to the extent prohibited by applicable law.

2. The following is added to the "Remarks" section of the Item 6 row entitled "**Cost of Enforcement or Defense"**:

> Sections of the Franchise Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

3. The following is added to the end of the "Summary" sections of Item 17.c, entitled **Requirements for renewal or extension**, and Item 17.m, entitled **Conditions for franchisor approval of transfer**:

> However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. The following is added to the end of the "Summary" section of Item 17.i, entitled **Franchisee's obligation on termination/non-renewal**:

> The requirement to pay damages will not be enforced to the extent prohibited by applicable law.

5. The following is added to the end of the "Summary" section of Item 17.r, entitled **Non-competition covenants after the franchise is terminated or expires**:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

6. The following is added to the end of the "Summary" section of Item 17.u, entitled **Dispute resolution by arbitration or mediation**:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

7. The "Summary" section of Item 17.v, entitled **Choice of forum**, is deleted and replaced with the following:

> You must sue us in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Irvine, California) except that, subject to the arbitration requirement, and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

8. The "Summary" section of Item 17.w, entitled **Choice of law**, is deleted and replaced with the following:

> Except as otherwise required by North Dakota law, and except for the U.S. Trademark Act, the Federal Arbitration Act, other federal laws, and disputes involving non-competition covenants (which are governed by the law of the state in which your Studio is located), California law applies.

RHODE ISLAND

1. The following language is added to the end of the "Summary" sections of Item 17.v, entitled **Choice of forum**, and 17.w, entitled **Choice of law**:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act. To the extent required by applicable law Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17.e, entitled **Termination by franchisor without cause**:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Development Agreement or Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

1. The following paragraph is added at the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Franchise Disclosure Document does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE AREA DEVELOPMENT AGREEMENT

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) Developer is domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and the Studios that Developer develops under the Area Development Agreement are or will be located in the State of Illinois.

2. The following is added to the end of Sections 12.H (**Waiver of Jury Trial)** and 12.I (**Waiver of Class Actions)** of the Area Development Agreement:

> Nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

3. **Limitation of Actions**. The following is added to the end of Section 12.K of the Area Development Agreement:

> However, nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

4. **Illinois Franchise Disclosure Act**. The following language is added to the end of the Area Development Agreement:

> Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in an area development agreement that designates jurisdiction or venue outside the State of Illinois is void. However, an area development agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Developer's rights upon termination and non-renewal of an area development agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) Developer is a resident of the State of Maryland; or (b) the Studios that Developer develops under the Area Development Agreement are or will be developed in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **Insolvency**. The following is added to the end of Section 8.A.(1)(b) of the Area Development Agreement:

> The provision which provides for termination upon Developer's bankruptcy might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

3. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following is added to the end of Sections 12.A (**Governing Law)** and 12.F (**Choice of Forum)** of the Area Development Agreement:

> ; provided, however, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Maryland law may apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Mediation and Mandatory Binding Arbitration**. The following is added to the end of Sections 12.C and 12.D of the Area Development Agreement:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. The following is added to the end of Sections 12.H (**Waiver of Jury Trial)**, 12.I (**Waiver of Class Actions)** and 12.K (**Limitation of Actions)** of the Area Development Agreement:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the Studios that Developer will develop under the Area Development Agreement will be developed in the State of Minnesota; and/or (b) any of the offering or sales activity relating to the Area Development Agreement occurred in the State of Minnesota.

2. **Termination**. The following sentence is added to the end of Section 8.A of the Area Development Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3, 4, and 5, which require (except in certain specified cases) that Developer be given 90 days' notice of termination (with 60 days to cure) of this Agreement.

3. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **Governing Law**. The following sentence is added to the end of Section 12.A ("Governing Law") of the Area Development Agreement:

> Nothing in this Agreement will abrogate or reduce any of Developer's rights under the Minnesota Statutes Chapter 80C or Developer's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

5. **Other Proceeding (Right to Injunctive Relief)**. The following language is added to the end of Section 12.E of the Area Development Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required to obtain injunctive relief.

6. **Consent to Jurisdiction**. The following sentence is added to the end of Section 12.F ("Choice of Forum") of the Area Development Agreement:

> Notwithstanding the foregoing, Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement shall abrogate or reduce any of Developer's rights under Minnesota Statutes chapter 80C or Developer's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **Waiver of Punitive Damages and Jury Trial**. If and then only to the extent required by the Minnesota Franchises Law, Sections 12.G ("Waiver of Punitive Damages"**)** and 12.H ("Waiver of Jury Trial"**)** of the Area Development Agreement are hereby deleted.

8. **Limitations of Actions**. The following is added to the end Section 12.K of the Area Development Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if Developer is domiciled in the State of New York, the Studio is or will be developed in the State of New York.

2. **Termination**. The following sentence is added to the end of Section 8.A of the Area Development Agreement:

> Developer also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. **Transfer of Interest**. The following sentence is added to the end of Section 9.B of the Area Development Agreement:

> However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor's good faith judgment, is willing and financially able to assume Franchisor's obligations under this Agreement.

4. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Notwithstanding the foregoing all rights enjoyed by Developer and any causes of action arising in Developer's favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

5. **Governing Law and Choice of Forum**. The following sentence is added to the end of Sections 12.A (**Governing Law)** and 12.F (**Choice of Forum**):

> This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20___ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) if Developer is domiciled in the State of North Dakota, the Studio that Developer develops under its Area Development Agreement are or will be operated in the State of North Dakota.

2. **Covenants Regarding Competitive Activities**. The following is added to the end of Section 6.A of the Area Development Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, Franchisor will enforce the covenants to the maximum extent the law allows.

3. **Release**. The following is added to the end of Section 9.C of the Area Development Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **Governing Law**. Section 12.A of the Area Development Agreement is deleted in its entirety and replaced with the following language:

> Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Developer will be governed by the laws of the State of California, without regard to its conflict of laws rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

5. **Mediation and Mandatory Binding Arbitration**. Sections 12.C and 12.D of the Area Development Agreement are supplemented by adding the following to the end of each Section:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which Franchisor and Developer mutually agree.

6. **Choice of Forum**. The following is added to the end of Section 12.F of the Area Development Agreement:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, Developer may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **Waiver of Punitive Damages.** The following is added to the end of Section 12.G of the Area Development Agreement:

> Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

8. **Waiver of Jury Trial**. To the extent required by the North Dakota Franchise Investment Law, Section 12. H of the Area Development Agreement is deleted.

9. The following is added to the end of Sections 12.I (**Waiver of Class Actions)** and 12.K (**Limitations of Actions)** of the Area Development Agreement:

> The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20____ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island, or (b) Developer is a resident of the State of Rhode Island and the Studios Developer develops under its Area Development Agreement are or will be operated in the State of Rhode Island.

2. **Governing Law**. The following is added at the end of Section 12.A of the Area Development Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

3. **Choice of Forum**. The following is added at the end of Section 12.F of the Area Development Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in an area development agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
TO THE AREA DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS
FOR USE IN WASHINGTON

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Developer**").

1. **Background**. Franchisor and Developer are parties to that certain Area Development Agreement dated _____, 20____ (the "**Area Development Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Area Development Agreement. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) Developer is a resident of the State of Washington; or (c) the Studios that Developer develops under the Area Development Agreement are or will be located or operated, wholly or partly, in the State of Washington.

2. **Washington Law**. The following paragraphs are added to the end of the Area Development Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void

and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Area Development Agreement does not waive any liability Franchisor may have under the Washington Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Area Development Agreement.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. **Background**. Franchisor and Franchise are parties to that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreemen**t") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and the Studio that Franchisee operates under its Franchise Agreement is or will be operated in the State of Illinois.

2. . The following is added to the end of Sections 16.8 (**Waiver of Jury Trial)** and 16.9 (**Waiver of Class Actions)** of the Franchise Agreement:

> Nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

3. **Limitation of Actions**. Section 16.12 of the Franchise Agreement is amended by adding the following:

> However, nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

4. **Illinois Franchise Disclosure Act**. The following language is added to the end of the Franchise Agreement:

> Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern this Agreement.
>
> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.
>
> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Franchisee's rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Maryland; or (b) the Studio that Franchisee operates under its Franchise Agreement is or will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **Insolvency**. The following is added to the end of Sections 15.1.A(2) and (3) of the Franchise Agreement:

> This Section might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. The following is added to the end of Sections 16.1 (**Governing Law)** and 16.6 (**Choice of Forum)** of the Franchise Agreement:

> ; provided, however, Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **Mediation and Mandatory Arbitration**. Sections 16.3 and 16.4 of the Franchise Agreement are supplemented by adding the following to the end of the Section:

> A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. The following is added to the end of Sections 16.8 (**Waiver of Jury Trial)**,16.9 (**Waiver of Class Actions)** and 16.12 (**Limitation of Actions)** of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Studio that Franchisee will develop under the Franchise Agreement will be located in the State of Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in the State of Minnesota.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **Ownership of Marks**. The following language is added to the end of Section 4.1 of the Franchise Agreement:

> Provided Franchisee has complied with all provisions of the Franchise Agreement applicable to the Mark, Franchisor will protect Franchisee's rights to use the Marks and Franchisor will indemnify Franchisee from any loss, costs or expenses from any claims, suits or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec 80C.12 Subd. 1(g).

4. **Interest and Late Charges**. The following language is added to the end of Section 5.11 of the Franchise Agreement:

> Notwithstanding the foregoing, Franchisee and Franchisor acknowledge that under Minnesota Statute 604.113 Franchisee's penalty for an insufficient funds check will be limited to $30 per occurrence.

5. **Injunctive Relief**. The following language is added to the end of Section 12.2 of the Franchise Agreement:

> Notwithstanding the foregoing, a court will determine if a bond is required to obtain injunctive relief.

6. **Renewal and Termination**. The following is added to the end of Sections 3.2 and 15.1 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified

cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

7. **Lost Revenue Damages**. The following language is added to the end of Section 15.4.B of the Franchise Agreement:

Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

8. **Governing Law**. The following sentence is added to the end of Section 16.1 (**Governing Law**) of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of Franchisee's rights under the Minnesota Statutes Chapter 80C or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

9. **Consent to Jurisdiction**. The following sentence is added to the end of Section 16.6 (**Choice of Forum**) of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement shall abrogate or reduce any of Franchisee's rights under Minnesota Statutes chapter 80C or Franchisee's right to any procedure, forum or remedies that the laws of the jurisdiction provide.

10. **Waiver of Punitive Damages and Jury Trial**. If and then only to the extent required by the Minnesota Franchises Law, Sections 16.7 (**Waiver of Punitive Damages)** and 16.8 **(Waiver of Jury Trial)** of the Franchise Agreement are hereby deleted.

11. **Limitation of Actions**. The following is added to the end of Section 16.12 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN NEW YORK

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if Franchisee is domiciled in the State of New York, the Studio is or will be operated in the State of New York.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provision of Article 33 of the General Business Law of the State of New York and the regulations issued there under shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.4, as amended.

3. **Conditions for Approval of Transfer**. The following sentence is added to the end of Section 14.2 of the Franchise Agreement:

> However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor's good faith judgment, is willing and financially able to assume Franchisor's obligations under this Agreement.

4. **Termination**. The following sentence is added to the end of Section 15.1 of the Franchise Agreement:

> Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law and Choice of Forum**. The following sentence is added to the end of Sections 16.1 (**Governing Law)** and 16.6 (**Choice of Forum**) of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York General Business Law, as amended, and the regulations issued thereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in North Dakota; or (b) if Franchisee is domiciled in the State of North Dakota, the Studio that Franchisee operates under its Franchise Agreement is or will be operated in the State of North Dakota.

2. **Releases.** The following is added to the end of Sections 3.2.C and 14.2 of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **Covenants Not to Compete**. The following is added to the end of Article 13 of the Franchise Agreement:

> Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, Franchisor will enforce the covenants to the maximum extent the law allows.

4. **Lost Revenue Damages**. The following language is added to the end of Section 15.4.B of the Franchise Agreement:

> Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. Accordingly, this Section will not be enforced to the extent prohibited by applicable law.

5. **Governing Law**. Section 16.1 of the Franchise Agreement is deleted in its entirety and replaced with the following language:

> Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other federal law, and except as otherwise required by North Dakota law, this Agreement, the franchise, and all claims arising from the relationship between Franchisor and Franchisee will be governed by the laws of the State of California, without regard to its conflict of laws rules, except that any state law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this section.

6. **Mediation and Mandatory Arbitration**. Sections 16.3 and 16.4 of the Franchise Agreement are supplemented by adding the following to the end of the Section:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), mediation or arbitration shall be held at a site to which Franchisor and Franchisee mutually agree.

7. **Choice of Forum**. Section 16.6 of the Franchise Agreement is supplemented by adding the following to the end of the Section:

> Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

8. **Waiver of Punitive Damages**. The following is added to the end of Section 16.7 of the Franchise Agreement:

> Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

9. **Waiver of Jury Trial**. To the extent required by the North Dakota Franchise Investment Law, Section 16.8 of the Franchise Agreement is deleted.

10. The following is added to the end of Sections 16.9 (**Waiver of Class Actions)** and 16.12 (**Limitations of Actions)** of the Franchise Agreement:

> The statutes of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island, or (b) Franchisee is a resident of the State of Rhode Island and the Studio that Franchisee develops under its Franchise Agreement is or will be operated in the State of Rhode Island.

2. **Governing Law**. The following is added at the end of Section 16.1 of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act."

3. **Choice of Forum**. The following is added at the end of Section 16.6 of the Franchise Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

RIDER TO THE CLUB PILATES FRANCHISE SPV, LLC
TO THE FRANCHISE AGREEMENT
AND RELATED AGREEMENTS
FOR USE IN WASHINGTON

THIS RIDER is made and entered into by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("**Franchisor**"), and _____, whose principal business address is _____ ("**Franchisee**").

1. **Background**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the "**Franchise Agreement**") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) Franchisee is a resident of the State of Washington; or (c) the Studio that Franchisee develops under its Franchise Agreement is or will be located or operated, wholly or partly, in the State of Washington.

2. **Washington Law**. The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void

and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The Franchise Agreement does not waive any liability Franchisor may have under the Washington Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

2. **Site Approval Process**. The following language is deleted from Section 1.2 of the Franchise Agreement:

If Franchisor provides Franchisee with any information regarding a site for the Studio, such information is not a representation or warrant of any kind (express, implied, or collateral) of the site's suitability for a Studio or any other purpose. Franchisor's acceptance of Franchisee's proposed site is not intended to be relied on by Franchisee as an indicator of likely success, but that Franchisor believes the site meets Franchisor's then-acceptable criteria, which Franchisor has established for Franchisor's own purposes.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

CLUB PILATES FRANCHISE SPV, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

"FRANCHISEE"

[if an individual]

_____
[Name], individually

Sign: _____
Date: _____

[if a legal entity]

_____
[Name], a [state/type]

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT I

LIST OF CURRENT FRANCHISEES

LIST OF OPEN FRANCHISEES AS OF DECEMBER 31, 2022

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
1.	Brazell, Lanie & Craig	2311 Bent Creek RD STE 600	Auburn	Alabama	36830	334-414-4548	39
2.	Booker, Lindsay	1920 28th Avenue South	Birmingham	Alabama	35209	205-500-0144	39
3.	Booker, Lindsay	3159 Green Valley Road	Birmingham	Alabama	35243	205-777-7976	0
4.	Booker, Lindsay	1839 Montgomery Hwy. Suite D	Hoover	Alabama	35244	205-937-7265	0
5.	Schultz, Joshua & Paula	7564 Hwy 72 West, Suite B	Madison	Alabama	35758	256-680-3776	0
6.	Wrightson, Art; Wrightson, Yuri	2940 #D Zelda Rd	Montgomery	Alabama	36106	334-328-2465	0
7.	Wrightson, Art; Wrightson, Yuri	8143 Vaughn Rd	Montgomery	Alabama	36116	334-603-8055	0
8.	Hansen, Peter	4085 South Gilbert Road, Shops B - Suite 5	Chandler	Arizona	85249	480.771.4459	0
9.	Anderson, Doug & Maggie	3131 S. Market St, Suite 103	Gilbert	Arizona	85295	480.999.3825	0
10.	Gage, Angela & Chris	17570 N 75th Ave., Suite F630	Glendale	Arizona	85308	623-230-4088	0
11.	Maro, Cheryl & Louis	783 South Cotton Lane, Suite C-2	Goodyear	Arizona	85338	632-562-3344	0
12.	Hansen, Peter	3130 N. Recker Road Suite 103	Mesa	Arizona	85215	480-562-3501	0
13.	Hansen, Peter	2110 East Baseline Rd, Ste 3	Mesa	Arizona	85204	480-795-5916	39
14.	Garrison, Kathy & Julie	7972 N Oracle Rd	Oro Valley	Arizona	85704	520-244-3300	0
15.	Maro, Cheryl & Louis	24775 N. Lake Pleasant Parkway, Suite 102	Peoria	Arizona	85383	623-473-7768	0
16.	Pickens, Kim	2450 W Happy Valley Road, #1149	Phoenix	Arizona	85085	623-312-8505	0
17.	Gatzemeier, Don	20910 N. Tatum Blvd., Suite 110	Phoenix	Arizona	85050	480.795.3357	0
18.	Gatzemeier, Don	10633 N Tatum Blvd, #102	Phoenix	Arizona	85028	480-506-0234	0
19.	Hansen, Peter	3750 E. Indian School Road	Phoenix	Arizona	85018	480.372.4692	0
20.	Gage, Angela & Chris	6819 N. 16th Street Suite 7	Phoenix	Arizona	85016	602-888-8824	0
21.	Hansen, Peter	21051 S Ellsworth Loop Road, Suite 103	Queen Creek	Arizona	85142	480-712-5965	3
22.	Pickens, Kim	31313 N Scottsdale Rd.	Scottsdale	Arizona	85266	480-900-7278	0
23.	Gatzemeier, Don	16447 N. Scottsdale Rd. Suite 119	Scottsdale	Arizona	85254	480.447.4044	1
24.	Hansen, Peter	8787 N. Scottsdale Rd. Ste 232	Scottsdale	Arizona	85253	480-462-1299	0
25.	Hansen, Peter	9301 E. Shea Unit 104	Scottsdale	Arizona	85260	480.771.3774	0
26.	Schissler, Matthew; Schissler, Stephanie	8738 S Emerald Drive, Suite 103	Tempe	Arizona	85284	480-567-9744	1
27.	Hansen, Peter	1825 East Guadalupe Ste F-102	Tempe	Arizona	85283	480.566.0335	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
28.	Garrison, Kathy & Julie	6872 EAST SUNRISE DRIVE, #150	Tucson	Arizona	85750	520.428.0130	0
29.	Teater, Bryce & Shayla; Neblett, Leo	2901 E Zion Rd, Suite 3	Fayetteville	Arkansas	72703	479-380-1968	0
30.	Teater, Bryce & Shayla; Neblett, Leo	207 N University Ave, Suite 180	Little Rock	Arkansas	72205	0	0
31.	Teater, Bryce & Shayla; Neblett, Leo	16900 Chenal Parkway, Suite 160	Little Rock	Arkansas	72223	501-762-0106	0
32.	Teater, Bryce & Shayla; Neblett, Leo	4200 W. Green Acres Rd. Suite 303	Rogers	Arkansas	72758	479-282-0676	0
33.	Miller, Jerry & Melissa	2651 Blanding Avenue, Suite D	Alameda	California	94501	510-578-8593	0
34.	Mueller, Jon & Mary Anne	4300 Coffee Road, Suite A2	Bakersfield	California	93308	661-368-8700	0
35.	Mueller, Jon & Mary Anne	9000 Ming Avenue, J1	Bakersfield	California	93311	661-335-6060	3
36.	Suder, Chris	3357 E. Imperial Hwy	Brea	California	92823	657-315-9080	0
37.	Gorti, Jag	5471 Lone Tree Way, Suite 100	Brentwood	California	94513	925-262-9901	0
38.	Ovakimian, Sarkis; Plavdjian, Ester	209 E Orange Grove Ave.	Burbank	California	91502	818-860-0664	1
39.	Stromblad, Katya & Brian	2360-F Las Posas Road	Camarillo	California	93010	805-261-1255	1
40.	Silverie, Audra	10 E Hamilton Ste# 300	Campbell	California	95008	408.412.0130	0
41.	Dumaw Whitman, Arielle	1818 Marron Road, Suite 102	Carlsbad	California	92008	760-201-3374	0
42.	Park, Bora	11900 South St., Ste. 120	Cerritos	California	90703	562-210-0300	0
43.	Danzig, Dan & Jannis	13920 City Center Drive Suite 4010	Chino Hills	California	91709	909.529.1041	1
44.	Davies, Carolyn; Hayes, Dave	861 Harold Place, Suite 305	Chula Vista	California	91914	619-392-2572	0
45.	Danzig, Dan & Jannis	1295 Herndon Ave., Suite 101	Clovis	California	93612	559-239-4024	0
46.	Danzig, Dan & Jannis	2790 Cabot Drive, Suite 4-137	Corona	California	92883	951-268-4027	1
47.	Borga, Brittany	1525 Mesa Verde Dr E Ste 123	Costa Mesa	California	92626	949-791-7184	0
48.	Stromblad, Katya & Brian	10732 Jefferson Blvd.	Culver City	California	90230	310.424.5290	0
49.	Moulios, Jen	20670 Stevens Creek Blvd	Cupertino	California	95014	408-940-3050	0
50.	Park, Bora	10135 Valley View Street	Cypress	California	90630	714-770-8900	0
51.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	33611 Del Obispo St. Ste C	Dana Point	California	92629	949-216-6165	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
52.	Shiraki, Jessica & Robert	3418 Camino Tassajara	Danville	California	94506	925 854 5500	1
53.	Corsaut, Michelle	1361 W. Covell Blvd., Suite 115B	Davis	California	95616	0	0
54.	Park, Bora	1169 Huntington Drive	Duarte	California	91010	626.507.5522	2
55.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	1720 West Sunset Blvd	Echo Park	California	90026	323-505-4355	0
56.	Hughes, Carl & Megan	747 Jamacha Road	El Cajon	California	92019	619.329.1180	8
57.	Holmes, Adrian; Holmes, Brian	8235 Laguna Blvd. #120	Elk Grove	California	95758	916.936.2582	8
58.	Dumaw Whitman, Arielle	555 2nd St. Suite 2	Encinitas	California	92024	760-529-6706	0
59.	Hoyos, Fernando; Hughes, Carl	1855 South Centre City Parkway #1835K	Escondido	California	92025	760-227-5970	8
60.	Holmes, Adrian; Holmes, Brian	5317 Sunrise Blvd	Fair Oaks	California	95628	916-500-4006	0
61.	Holmes, Adrian; Holmes, Brian	2766 E. Bidwell St. Suite 100	Folsom	California	95630	916-597-0799	0
62.	Georges, Beth & Bill	41 Auto Center Drive, Unit 109B	Foothll Ranch	California	92610	949-229-2103	0
63.	Peng, Johnny	44047 Osgood Rd. Ste. 220	Fremont	California	94539	510-585-3136	0
64.	Danzig, Dan & Jannis	7735 N. Blackstone Suite 101	Fresno	California	93720	559-239-4023	0
65.	Chan, Roger	1313 S Harbor Blvd	Fullerton	California	92832	7145193841	0
66.	Chan, Roger*	11932 Valley View Street	Garden Grove	California	92845	657-232-3638	0
67.	Chan, Roger	12965 Beach Boulevard	Garden Grove	California	92841	714 660 0332	0
68.	Cleveland FKA Bailey), Rebecca	329 N. Brand Blvd	Glendale	California	91203	818-724-9977	2
69.	Bereny, Robert	18037 Chatsworth Street	Granada Hills	California	91344	818-210-3288	0
70.	Rubin, Alyssa & Michael; Mitchell, Kyle	8945 Atlanta Ave.	Huntington Beach	California	92646	657-300-8488	0
71.	Rubin, Michael	7012 #103 Edinger Ave	Huntington Beach	California	92647	657-464-4696	0
72.	Rubin, Alyssa & Michael; Mitchell, Kyle	19730 Beach Blvd.	Huntington Beach	California	92648	657-300-8440	0
73.	Violas, Stephanie	4143 Campus Drive, Suite C 198	Irvine	California	92612	3104899803	3
74.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	5405B Alton Parkway	Irvine	California	92604	949-676-3330	3
75.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	8503 Irvine Center Drive	Irvine	California	92618	949-755-1755	1

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
76.	Cleveland FKA Bailey), Rebecca	637 Foothill Blvd Suite 637	La Canada Flintridge	California	91011	747-334-2469	0
77.	Chan, Roger	1470 S Harbor Blvd	La Habra	California	90631	562-287-7788	0
78.	Clements, Chris; Boos, Bri	8657 Villa La Jolla Village Drive, Suite 125	La Jolla	California	92037	657-224 - 0091	39
79.	Mann, Katie & Tavis	8011 University Avenue, Suite C-3	La Mesa	California	91942	858-531-2348	0
80.	Zhang, Vivian	78437 CA-111	La Quinta	California	92253	760-289-6787	0
81.	Siva, Jan; Swift, Darrel	3506 Mt. Diablo Blvd., Suite E	Lafayette	California	94549	925.900.5788	0
82.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	30100 Town Center Drive, Suite B-1	Laguna Niguel	California	92677	949-388-6886	0
83.	Georges, Beth & Bill*	29400 Portola Pkwy	Lake Forest	California	92630	949-393-5656	0
84.	Rubin, Alyssa & Michael; Mitchell, Kyle	5939 E. Spring Street,	Long Beach	California	90808	562-521-1800	0
85.	Stromblad, Katya & Brian	10955 W Pico Blvd	Los Angeles	California	90064	0	3
86.	Violas, Stephanie	200 S. Los Angeles Street, Suite E	Los Angeles	California	90012	213-807-3332	0
87.	Violas, Stephanie	1119 S Hope St	Los Angeles	California	90015	2136347070	0
88.	Ovakimian, Sarkis; Plavdjian, Ester	724 South La Brea Avenue	Los Angeles	California	90036	323-250-3090	0
89.	Griffin, Catherine & Jim	11677 San Vicente Blvd Ste, 304	Los Angeles	California	90049	424-368-2650	1
90.	Suder, Chris	903 N. Sepulveda Blvd.	Manhattan Beach	California	90266	310-921-8004	1
91.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	25800 Jeronimo Road Ste 404	Mission Viejo	California	92691	949-446-8243	0
92.	Moulios, Jen	1053 Cochrane Rd #100	Morgan Hill	California	95037	408-905-7491	0
93.	Tehranchi, Shahin & Zohal	39028 Winchester Rd, Building E, Suite 111	Murrieta	California	92563	951-797-6277	0
94.	Pansing, Maud	651 Trancas Street	Napa	California	94558	7074923542	3
95.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	1040 Bayside Drive	Newport Beach	California	92660	949-339-3430	0
96.	Danzig, Dan & Jannis	2420 River Road, Suite 210	Norco	California	92860	949-278-7719	1
97.	Ovakimian, Sarkis; Plavdjian, Ester	5077 Lankershim Boulevard Suite F	North Hollywood	California	91601	818-2103422	0
98.	Hammett, Emily; Hammett, Tom; Alcala, Evelyn; Alcala, Hugo	208 Vintage Way, Ste G-10	Novato	California	94945	415.761.1315	1

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
99.	Hoyos, Fernando; Hughes, Carl	125 Old Grove Road, Suite 13	Oceanside	California	92057	760-517-7055	0
100.	Foster, Michele; Affonso, Dale	188 Country Club Gate Center	Pacific Grove	California	93950	831-747-1002	0
101.	Griffin, Catherine & Jim	15230 Sunset Blvd	Pacific Palisades	California	90272	424-252-9868	0
102.	Dordell, Chris; Fenske, Jason	425 S. Sunrise Way, Bldg H2	Palm Springs	California	92262	760-537-0457	1
103.	Shiraki, Jessica & Robert	490 California Ave Ste. 120	Palo Alto	California	94306	843-800-8991	3
104.	Stevenson, Brad & Traci	2005 Theatre Drive, Suite 104	Paso Robles	California	93446	805-369-1971	0
105.	Hammett, Emily; Alcala, Evelyn	289 N. McDowell Blvd	Petaluma	California	94954	707-773-7732	0
106.	Siva, Jan; Swift, Darrel	20 Crescent Drive, Suite 5E	Pleasant Hill	California	94523	925-344-6155	0
107.	Shiraki, Jessica & Robert	6766 Bernal Ave. Suite 530	Pleasanton	California	94566	925.255.0880	0
108.	Hoyos, Fernando; Hughes, Carl	13265 Midland Road, Suite 130, Poway, CA 92064	Poway	California	92064	858-299-6965	0
109.	Tehranchi, Shahin & Zohal	12335 Baseline Road, Bldg H	Rancho Cucamonga	California	91739	909-474-7485	1
110.	Dordell, Chris; Fenske, Jason	42440 Bob Hope Drive, Suite 2	Rancho Mirage	California	92270	760-209-9722	0
111.	Hammett, Emily & Tom	31441 Santa Margarita Parkway	Rancho Santa Margarita	California	92679	949-397-9296	0
112.	Tehranchi, Shahin & Zohal	450 W Stuart Ave Ste. 120	Redlands	California	92374	909-474-7470	0
113.	Srivastava, Amit & Seema	336 Woodside Plaza	Redwood City	California	94061	650-779-7330	3
114.	Tehranchi, Shahin & Zohal	321 E Alessandro Blvd #2G	Riverside	California	92508	951.708.3600	0
115.	Castro, Savannah	59 Peninsula Center	Rolling Hills Estates	California	90274	310-265-2908	39
116.	Smith, Katie; Garcia, Heather	1426 Blue Oaks Blvd., Suite 110	Roseville	California	95747	916-746-9575	0
117.	Holmes, Adrian; Holmes, Brian	1921 Douglas Boulevard, Suite 104	Roseville	California	95661	916-771-9908	8
118.	Smith, Katie; Garcia, Heather	2860 Del Paso Rd., Ste. 300	Sacramento	California	95834	916-900-6473	39
119.	Garcia, Heather; Smith, Katie	1330 21st Street Ste 101	Sacramento	California	95811	916-347-0304	0
120.	Holmes, Adrian; Holmes, Brian	2529 Fair Oaks Blvd	Sacramento	California	95825	916.400.9225	0
121.	Srivastava, Amit & Seema	50 El Camino Real, #50	San Carlos	California	94070	650-722-4710	3
122.	Hammett, Emily & Tom	802 Avenida Talega Ste 104	San Clemente	California	92673	949-438-7443	5

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
123.	Lance, Renata & Sean	12995 El Camino Real, Suite 103	San Diego	California	92130	858-531-2348	0
124.	Mann, Katie & Tavis	3959 30th Street, Suite 101	San Diego	California	92104	619-677-1500	0
125.	Mann, Katie & Tavis	10330 Friars rd 112	San Diego	California	92120	619-786-2300	0
126.	Hughes, Carl & Megan	2760 5th Ave, Suite 110	San Diego	California	92103	858-531-2348	0
127.	Davies, Carolyn; Hayes, Dave	9460 Mira Mesa Blvd, Unit P	San Diego	California	92126	858-254-3326	0
128.	Clements, Chris; Boos, Bri	3089 Clairemont Dr. Suite B	San Diego	California	92117	858.914.1459	0
129.	Clements, Chris; Boos, Bri	2750 Dewey Rd., Ste 102	San Diego	California	92106	619.541.8877	39
130.	Hoyos, Fernando; Hughes, Carl	12145 Alta Carmel Ct, Suite 220	San Diego	California	92128	858.943.4741	0
131.	Hoyos, Fernando; Hughes, Carl	16615 Dove Canyon Road Suite 115	San Diego	California	92127	858 239 2121	0
132.	Tehranchi, Shahin & Zohal	915 W Arrow Hwy	San Dimas	California	91773	0	1
133.	Srivastava, Amit & Seema	635 8th Street	San Francisco	California	94103	415-251-3000	1
134.	Ko, Ken; Wu, Jessie	4338 Moorpark Ave	San jose	California	95129	669-200-5098	2
135.	Shiraki, Jessica & Robert	1708 Oakland Road, Suite 200	San Jose	California	95131	408.359.4484	2
136.	Stevenson, Brad & Traci	209 Madonna Road	San Luis Obispo	California	93405	805-366-4750	0
137.	Dumaw Whitman, Arielle	904 W San Marcos Blvd, Suite 5	San Marcos	California	92078	760-201-3070	0
138.	Tortolani, Cynthia	3951 State Street	Santa Barbara	California	93105	805-618-1012	0
139.	Ovakimian, Sarkis; Plavdjian, Ester*	26455 Golden Valley Rd	Santa Clarita	California	91350	661-213-9845	0
140.	Mann, Katie & Tavis	9331 Mission Gorge Rd #109	Santee	California	92071	619-485-1800	0
141.	Ko, Ken; Wu, Jessie	14410 Big Basin Way, STE E	Saratoga	California	95070	669.256.5200	39
142.	Stromblad, Katya & Brian	13727 Ventura Blvd.	Sherman Oaks	California	91423	818-855-8407	0
143.	Bereny, Robert	2955 Cochran St #B201	Simi Valley	California	93065	805-261-1444	0
144.	Hammett, Emily & Tom	136 S. Solana Hills Dr.	Solana Beach	California	92075	858-779-1170	2
145.	Shiraki, Jessica & Robert	562 E. El Camino Real	Sunnyvale	California	94087	408.675.9071	0
146.	Stromblad, Katya & Brian	18741 Ventura Blvd	Tarzana	California	91356	818-949-2727	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
147.	Tehranchi, Shahin & Zohal	33175 Temecula Pkwy Ste C	Temecula	California	92592	951-396-7000	0
148.	Bereny, Robert	1772 East Avenida De Los Arboles, Ste M	Thousand Oaks	California	91362	805-601-6799	0
149.	Hammett, Emily & Tom	15080 Kensington Park Dr, Suite G310	Tustin	California	92782	714-465-5423	0
150.	Tehranchi, Shahin & Zohal	1118 E. 19th St, Suite C, Upland, CA 91784	Upland	California	91784	909-503-9090	0
151.	Smith, Katie; Garcia, Heather	1671 E. Monte Vista Avenue, Suite 102	Vacaville	California	95688	707-999-7720	8
152.	Ovakimian, Sarkis; Plavdjian, Ester*	28211 Newhall Ranch Road	Valencia	California	91355	661-213-9745	2
153.	Ovakimian, Sarkis; Plavdjian, Ester	27736 McBean Pkwy	Valencia	California	91354	661-977-6622	0
154.	Casaw, Jeff	4020 E. Main St. #B-1-2	Ventura	California	93003	805-856-4424	0
155.	Hammett, Emily & Tom	17767 Santiago Blvd., Suite 610	Villa Park	California	92861	657-261-8686	0
156.	Shiraki, Jessica & Robert	1576 Botelho Dr	Walnut Creek	California	94596	925-395-2644	0
157.	Chan, Roger	2688 East Garvey Ave South	West Covina	California	91791	626-495-1118	0
158.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	7318 Santa Monica Blvd. Suite #20	West Hollywood	California	90046	323-774-2701	0
159.	Bereny, Robert	2820 Townsgate Rd #107	Westlake Village	California	91361	805-556-7070	0
160.	Tehranchi, Shahin & Zohal	36100 Hidden Springs Rd. Suite C	Wildomar	California	92595	951-692-3500	39
161.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	18425 Yorba Linda Blvd.	Yorba Linda	California	92886	657-363-3663	0
162.	Steinbach, Kendra & Eric	7705 Wadsworth Blvd., Suite 13	Arvada	Colorado	80003	303-947-0573	0
163.	Hansen, Peter	18121 E. Hampden Ave., Suite I	Aurora	Colorado	80013	303-339-0294	39
164.	Hansen, Peter	6295 S Main Street, Suite B102	Aurora	Colorado	80016	720-325-1799	39
165.	Hendricks, Joe & Kelly	2850 Baseline Road Unit A-2	Boulder	Colorado	80303	720-675-9435	0
166.	Borrego, George & Julie	6360 Promenade Parkway Unit 120	Castle Rock	Colorado	80108	720-575-7185	39
167.	Cavanaugh, Elizabeth & Josh	9288 Forest Bluffs View, Suite 100	Colorado Springs	Colorado	80920	719-394-1212	39
168.	Cavanaugh, Elizabeth & Josh	5935 Dublin Blvd.	Colorado Springs	Colorado	80923	719-394-1313	0
169.	Cavanaugh, Elizabeth & Josh	160 E. Cheyenne Road	Colorado Springs	Colorado	80906	719-394-2121	0
170.	Cunningham, Andrea	3585 Central Park Blvd Suite 180	Denver	Colorado	80238	303-731-6256	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
171.	Busse, Brian & Mary; MacDonald, Drew	200 Quebec, Bldg. 500, Unit 109	Denver	Colorado	80230	720-569-7112	2
172.	McDonald, David & Deborah	3033 E 1st Ave Suite 102	Denver	Colorado	80206	720-233-1352	0
173.	Lazetera, Jennifer	1931-V Sheridan Blvd.	Edgewater	Colorado	80214	720-446-9777	0
174.	Wright, Jennifer	3570 S Logan Street	Englewood	Colorado	80113	720-699-8900	3
175.	Durand, Jordan; Durand, Anna	2720 Council Tree Avenue, Suite 106	Fort Collins	Colorado	80525	970-999-0150	0
176.	Durand, Jordan; Durand, Anna	244 North College Ave Suite 125	Fort Collins	Colorado	80524	970-300-9707	0
177.	Hansen, Peter	7600 Landmark Way, Suite B-106	Greenwood Village	Colorado	80111	720-546-2100	0
178.	Hough, John	2229 Wildcat Reserve Parkway	Highlands Ranch	Colorado	80129	720.557.9606	0
179.	Hendricks, Joe & Kelly	535 W South Boulder Rd Ste. 240	Lafayette	Colorado	80026	720-442-0842	8
180.	Hansen, Peter	437 S Wadsworth Blvd, Suite F	Lakewood	Colorado	80226	720-789-1011	1
181.	Hansen, Peter	11757 West Ken Caryl Avenue, Suite G	Littleton	Colorado	80127	720.579.7285	1
182.	Kahler, Jeff; Kahler, Rachel	10005 Commons Street Ste 230	Lone Tree	Colorado	80124	720-458-8108	39
183.	Hendricks, Joe & Kelly	700 Ken Pratt Boulevard Suite 10	Longmont	Colorado	80501	720.442.8385	0
184.	Sparks , Michael	11280 S. Twenty Mile Road	Parker	Colorado	80134	303-578-4102	1
185.	Wright, Jennifer	7355 E. 128th Ave.	Thornton	Colorado	80602	720-297-2584	0
186.	Wright, Jennifer	14336 Lincoln Street	Thornton	Colorado	80023	720-441-4559	0
187.	Papageorge, Rita	380 West Main Street	Avon	Connecticut	6001	860-404-6424	1
188.	Ackerman, Scott	1063 Boston Post Road	Darien	Connecticut	6820	203-439-4670	39
189.	Gevinski, Sarah	85 Mill Plain Rd V1	Fairfield	Connecticut	6824	203-659-0090	0
190.	Fagan, Cathleen	35 Welles Street	Glastonbury	Connecticut	6033	860-815-2920	0
191.	Ackerman, Scott	70 Main Steet	New Canaan	Connecticut	6840	203-405-8050	1
192.	Ackerman, Scott	427 Post Road East	Westport	Connecticut	6880	203-990-1011	1
193.	Goldberg, Sue	4433 Wisconsin Avenue NW	Washington	DC	20016	202-596-8485	2
194.	Beale, Will	901 4th Street, NW	Washington	DC	20001	202-930-8223	0
195.	Wright, Greg	4811 Limestone Road	Wilmington	Delaware	19808	302-884-7611	8
196.	McKay, Gary & Kathy	5610 Concord Pike	Wilmington	Delaware	19803	302-797-1400	0
197.	Morais, Guilherme; Cazzani, Fabiana; Araldi , Kelly ; Morais, Daniel; Dorat, Marine	380 South State Road #1002	Altamonte Springs	Florida	32714	561-631-3333	39
198.	Mochon, Daniela; Rosentgberg, Horacio	19021 Biscayne Blvd.	Aventura	Florida	33180	786-565-9340	0
199.	Schuck, David	190 East Boca Raton Road	Boca Raton	Florida	33432	561-826-4284	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
200.	Schuck, David	7050 W. Palmetto Park Rd #49/50	Boca Raton	Florida	33433	561.717.2120	39
201.	Morais, Guilherme; Cazzani, Fabiana; Araldi , Kelly ; Morais, Daniel; Dorat, Marine	970 N. Congress Ave suite 110	Boynton Beach	Florida	33426	561-327-9454	0
202.	Wance, Felipe; Puppin, Adriana	8855 Boynton Beach Blvd, Suite 320	Boynton Beach	Florida	33472	561-337-4040	0
203.	Kilcullen, Peter; Keith, Gary	5408 Lockwood Ridge Rd	Bradenton	Florida	34203	941-260-3360	0
204.	Abbe, Steve; Willits, Shannon	2390 Surfside Blvd	Cape Coral	Florida	33991	0	0
205.	Kilcullen, Peter; Keith, Gary	25973 US Hwy. 19 N., Ste. A-102	Clearwater	Florida	33763	727-210-5365	0
206.	Schuck, David	2612 S US Hwy 27, Suite 500	Clermont	Florida	34711	352-708-6647	0
207.	Harper, Christina; Elgarresta, Ed	5860 S Flamingo Road	Cooper City	Florida	33330	954-222-2582	0
208.	Gorkin, Pablo	77 Miracle Mile	Coral Gables	Florida	33134	305-209-5679	0
209.	Dziugelis, Aurimas & Innetta	9659 Westview Drive	Coral Gables	Florida	33076	954-603-1737	0
210.	Dziugelis, Aurimas & Innetta	4388 N. State Rd 7	Coral Springs	Florida	33073	954-507-4633	3
211.	Schuck, David	640 Linton Blvd, Suite 340	Delray Beach	Florida	33444	561-599-5011	0
212.	Morais, Guilherme; Cazzani, Fabiana; Araldi , Kelly ; Morais, Daniel; Dorat, Marine	15084 Lyons Road, Suite 700	Delray Beach	Florida	33446	954-608-1347	0
213.	Grainer, Frank & Maureen	4433 Commons Drive East, Suite 106	Destin	Florida	32541	850-865-6450	1
214.	Clivio, Tara	7835 NW 107 Avenue	Doral	Florida	33178	786-233-5187	0
215.	Abbe, Steve; Willits, Shannon	20321 Grande Oak Shoppes Dr	Estero	Florida	33928	239-288-5521	1
216.	Durbin, Josh	1524 County Road 220, Unit E1.	Fleming Island	Florida	32003	904-375-1925	0
217.	Wance, Felipe; Puppin, Adriana	1489 SE 17th Street	Fort Lauderdale	Florida	33316	954-237-3737	0
218.	Abbe, Steve; Willits, Shannon	13211 McGregor Blvd, Suite 105-A	Fort Myers	Florida	33919	239-603-7300	0
219.	Wance, Felipe; Puppin, Adriana	3802 North Federal Highway	Ft Lauderdale	Florida	33308	954-237-3737	0
220.	Abbe, Steve; Willits, Shannon	6891 Daniels Parkway Suite 145	Ft Myers	Florida	33912	239-603-7300	0
221.	Bryan, Larissa	2625 SW 91st Street	Gainesville	Florida	32608	352-559-3144	0
222.	Mochon, Daniela; Rosentgberg, Horacio	3309 Sheridan Street	Hollywood	Florida	33021	954-505-4169	0
223.	Graham, Dawn & Rick	11112 San Jose Blvd. # 6	Jacksonville	Florida	32223	904-379-1531	1

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
224.	Graham, Dawn & Rick	14035 Beach Blvd. Suite G	Jacksonville	Florida	32224	904-289-8300	0
225.	Durbin, Josh	150 Riverside Ave # 307	Jacsonville	Florida	32202	904-800-2910	0
226.	Schuck, David	1203 Town Center Drive, Unit 107	Jupiter	Florida	33458	561-449-8161	0
227.	Morais, Guilherme; Cazzani, Fabiana; Araldi , Kelly ; Morais, Daniel; Dorat, Marine	4247 W Lake Mary Blvd	Lake Mary	Florida	32746	407-554-4457	0
228.	Wance, Felipe; Puppin, Adriana	6300 Lantana Road Suite 29-30	Lake Worth	Florida	33463	561-404-4848	0
229.	York, Shaun; Schlobohm, Zach Sarah	4747 South Fl Avenue	Lakeland	Florida	33813	863-529-4949	1
230.	Kilcullen, Peter; Keith, Gary	10125 Ulmerton Road	Largo	Florida	33771	727-777-5402	39
231.	Clivio, Tara*	8310 Bird Rd	Miami	Florida	33155	786-631-4187	0
232.	Clivio, Tara	4258 SW 152nd Avenue	Miami	Florida	33185	786-238-7414	0
233.	Clivio, Tara	15365 S. Dixie Hwy	Miami	Florida	33157	305-964-5725	0
234.	Clivio, Tara	11774 SW 104th St	Miami	Florida	33186	786-405-7079	1
235.	Schuck, David	117 SW 10th Ste #103	Miami	Florida	33130	786.509.9831	1
236.	Mochon, Daniela; Rosentgberg, Horacio	9537 NE Second Ave	Miami Shores	Florida	33138	786-865-6502	0
237.	Zelaya, Olga; Valigurska, Lenka	7935 Airport-Pulling Rd, #12	Naples	Florida	34109	239-778-7213	0
238.	Kitchen, Kimberly; Erickson, Joe	12454 FL-54	Odessa	Florida	33556	813-563-5353	0
239.	Schuck, David	3916 Town Center Blvd	Orlando	Florida	32837	689-698-7600	2
240.	Bethencourt, Michelle	6900 Tavistock Lakes Blvd, Suite 144	Orlando	Florida	32827	407-910-2855	0
241.	Schuck, David	3123 S Orange Ave, Suite 103	Orlando	Florida	32806	407-775-3230	2
242.	Caratolli, Claudia	7600 Dr. Phillips Blvd. Ste. 86	Orlando	Florida	32819	407-574-6900	2
243.	Johnson, Heath	504 N Alafaya Tr. Suite Suite 108	Orlando	Florida	32828	407.204.9501	0
244.	Gallarelli, Michelle; Gallarelli, Frank	1351 Alafaya Trail	Oviedo	Florida	32765	407-890-1231	0
245.	Harper, Christina; Elgarresta, Ed	14954 Pines Blvd	Pembroke Pines	Florida	33027	954-500-2582	0
246.	McDonald, David & Deborah	7175 North Davis Highway Suite C	Pensacola	Florida	32504	850-857-8498	0
247.	Harper, Christina; Elgarresta, Ed	10045 Cleary Blvd	Plantation	Florida	33324	954-280-2582	0
248.	Cappiello, Colleen	1150 North Federal Highway	Pompano Beach	Florida	33062	954-773-9870	0
249.	Graham, Dawn & Rick	330 A1A North, Suite 215	Ponte Vedra Beach	Florida	32082	904-503-8157	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
250.	Authelet, Nancy & Wayne	3817 South Nova Rd, Suite 102	Port Orange	Florida	32127	386-882-9570	0
251.	Kilcullen, Peter; Keith, Gary	1413 1st Street Ste 102 A	Sarasota	Florida	34236	941-584-9869	0
252.	Kilcullen, Peter; Keith, Gary	8210 S. Tamiami Trail	Sarasota	Florida	34238	941-567-6128	39
253.	Schuck, David	5855 SW 72 St	South Miami	Florida	33143	786-577-9651	0
254.	Griffin, Catherine & Jim	6800 Gulfport Blvd S Suite #219	South Pasadena	Florida	33707	727-290-6597	0
255.	Graham, Dawn & Rick	450 Durban Pavilion Drive	St Johns	Florida	32259	904-619-0961	0
256.	Russo, David & Jessica	220 FL-312, St. Augustine	St. Augustine	Florida	32086	904-494-8693	3
257.	Griffin, Catherine & Jim	120 Central Avenue	St. Petersburg	Florida	33701	727-550-0100	1
258.	Ross , Greg	1507 NW Federal Hwy	Stuart	Florida	34994	407-729-4734	0
259.	Mochon, Daniela; Rosentgberg, Horacio	16850 Collins Ave #113D	Sunny Isles Beach	Florida	33160	786-765-4646	0
260.	Schuck, David	9340 W.Commercial Blvd	Sunrise	Florida	33351	954)882.9887	1
261.	Philyaw, Nathan	15341 Amberly Dr	Tampa	Florida	33647	813-461-6010	0
262.	Philyaw, Nathan	13254 N Dale Mabry Hwy	Tampa	Florida	33618	813.773.3880	1
263.	Griffin, Catherine & Jim	940 South Howard Ave	Tampa	Florida	33606	813-607-2990	1
264.	Kitchen, Kimberly; Erickson, Joe	12125 W. Linebaugh Avenue, Suite 202	Tampa	Florida	33626	813-537-1155	0
265.	York, Shaun; Schlobohm, Zach Sarah	3438 Lithia Pinecrest Road,	Valrico	Florida	33956	813-413-4599	0
266.	Rehkop, Emily	2261 Town Center Avenue, Suite 129	Viera	Florida	32940	321.419.0798	3
267.	Smith, Joy	10660 Forest Hill Boulevard, Suite 140	Wellington	Florida	33414	561-208-1233	0
268.	Philyaw, Nathan	28249 Paseo Drive #190	Wesley Chapel	Florida	33543	813.607.6655	0
269.	Schuck, David	2604 S. Dixie Hwy	West Palm Beach	Florida	33401	561-7660802	0
270.	Schuck, David	13848 Tilden RD Ste 130	Winter Garden	Florida	34787	407-890-5344	0
271.	Schuck, David	1222 N. Orange Ave. Ste B	Winter Park	Florida	32789	407.960.7042	2
272.	Worley, Mark & Kim	7160 Avalon Blvd	Alpharetta	Georgia	30009	678-996-5336	0
273.	Worley, Mark & Kim	3005 Old Alabama Rd	Alpharetta	Georgia	30022	678.919.8733	39
274.	Rebala, Sekhar	290 Alps Road	Athens	Georgia	30606	706.406.1710	3
275.	Ledford, Mandy	2943 N. Druid Hills Rd. NE #460	Atlanta	Georgia	30329	770-299-9513	3
276.	Stennett, Kellen; Omiatek, Matt; Granda, Sheila	2391 Peachtree Rd, NE Suite B3AB	Atlanta	Georgia	30305	470.885.0623	1

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
277.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	2815 Buford Drive, Suite 104	Buford	Georgia	30519	470-323-8025	0
278.	Haag, Kara & Laurence	1810 Cumming Hwy Suite 1140	Canton	Georgia	30115	770-490-4913	0
279.	Stennett, Kellen; Omiatek, Matt; Granda, Sheila	5001 Peachtree Blvd Suite 630	Chamblee	Georgia	30341	678-996-1988	8
280.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	5740 Steeplechase Blvd	Cumming	Georgia	30040	678-330-2875	8
281.	Ledford, Mandy	1605 Church St, Suite 660	Decatur	Georgia	30033	404-883-3397	0
282.	Devos, Jack & Teresa	5552-B Chamblee Dunwoody RD	Dunwoody	Georgia	30338	770-573-0241	0
283.	Demattia, Tanya	621 Mullins Colony Dr.	Evans	Georgia	30809	706-352-9360	1
284.	Taylor, Paige*	1453 Terrell Mill Rd. Suite 145	Marietta	Georgia	30067	404-446-3662	0
285.	Harman, Nicole & Ed	3805 Dallas Highway, Unit 810	Marietta	Georgia	30064	678-310-1020	0
286.	Harman, Nicole & Ed	2960 Shallowford Rd #200	Marietta	Georgia	30066	678.647.6220	0
287.	Harman, Nicole & Ed	1311 Johnson Ferry Rd. Ste 532	Marietta	Georgia	30068	770-755-5077	0
288.	Page, Keeoma & Dexter	4880 Peachtree Corners Circle	Peachtree Corners	Georgia	30092	470-588-7348	1
289.	Worley, Mark & Kim	1125 Woodstock Road, Suite 370	Roswell	Georgia	30075	678-999-3254	0
290.	Stennett, Kellen; Omiatek, Matt; Granda, Sheila	5968 Roswell Road	Sandy Springs	Georgia	30328	404-588-2500	0
291.	Taylor, Paige	1428 Towne Lake Pkwy., Ste. 104	Woodstock	Georgia	30189	770-400-9557	7
292.	Lo, David & Michelle	987 Queens Street, Suite 102	Honolulu	Hawaii	96814	808-940-0788	0
293.	Deppe, Tom & Wendy	3065 S Bown Way	Boise	Idaho	83706	986-999-4192	1
294.	Le, Hieu; Vo, Thy	3130 E. State St. Suite 115	Boise	Idaho	83616	208-912-0071	0
295.	Emerson, Jennifer & Rodney	9235 N Government Way	Hayden	Idaho	83835	5099399026	2
296.	Schlichting, Robin & Steve	2517 N. County Line Rd.	Algonquin	Illinois	60102	224-209-8642	0
297.	Brzezniak, Donna	500 North Hough, Suite 145	Barrington	Illinois	60010	224-401-0406	1
298.	Gentner, Andy	383 W. Army Trail Road Suite 800	Bloomingdale	Illinois	60108	847-466-5610	0
299.	Beckley, Alexis & Matt	388 Half Day Road	Buffalo Grove	Illinois	60089	224 377 0305	1
300.	Phelps, Abby	1348 North Milwaukee Avenue	Chicago	Illinois	60622	312-857-5357	0
301.	Phelps, Abby	4023 N Lincoln Ave	Chicago	Illinois	60618	773- 789-7507	1
302.	Phelps, Abby	2047 N. Clybourn Ave	Chicago	Illinois	60614	312.734.1069	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
303.	Phelps, Abby	165 W. Superior Street, Suite 2	Chicago	Illinois	60654	312-906-7178	1
304.	Phelps, Abby	907 W Madison St.	Chicago	Illinois	60607	312-800-8467	0
305.	Asbury, Janet	47 Waukegan Road	Deerfield	Illinois	60015	847-572-9922	1
306.	Kohn, Eric & Kristin	538 W. St. Charles Road	Elmhurst	Illinois	60126	630-563-9730	1
307.	Schuda, Anjelica & Michael	745 Chicago	Evanston	Illinois	60202	847-563-4362	0
308.	Smith, Allison & Aaron	277 Roosevelt Rd.	Glen Ellyn	Illinois	60137	630.403.8058	0
309.	Asbury, Janet	1442 Waukegan Rd.	Glenview	Illinois	60025	847-920-8892	0
310.	Walker, Sheri	18 W Burlington Ave., First Floor West side	La Grange	Illinois	60525	708-340-0080	1
311.	Beckley, Alexis & Matt	1614 S. Milwaukee Ave.,	Libertyville	Illinois	60048	224-513-9330	1
312.	London, Crystal & Larry	1107 N. Elmhurst Rd.	Mount Prospect	Illinois	60056	847-752-4476	1
313.	Smith, Eric	1307 S Naper Blvd.	Naperville	Illinois	60563	630-468-0688	39
314.	Smith, Eric	1307 S Naper Blvd Suite D9	Naperville	Illinois	60563	331-401-5788	39
315.	Asbury, Janet	5629 West Touhy	Niles	Illinois	60714	224-304-4995	0
316.	Kohn, Eric & Kristin	704 Lake St.	Oak Park	Illinois	60301	708-613-6008	0
317.	Gentner, Andy	70 N. Northwest Highway	Park Ridge	Illinois	60068	847-744-6464	0
318.	Schlichting, Robin & Steve	3065 N. Perryville Rd., Ste #147	Rockford	Illinois	61114	815.860.0710	0
319.	Ciesla, Christina; Ciesla, Frank	160 South Roselle Rd. Suite B	Schaumburg	Illinois	60193	224-366-7221	0
320.	Gentner, Andy	142 South 1st St.	St. Charles	Illinois	60174	630.283.3700	7
321.	Kohn, Eric & Kristin	810 E. Ogden Ave., Unit 25	Westmont	Illinois	60559	630-538-7235	0
322.	Kohn, Eric & Kristin	1001 75th Street, #113 A, Woodridge	Woodridge	Illinois	60517	630-929-9105	0
323.	Thorpe, Julie	2482 E. 146th Street	Carmel	Indiana	46033	317-565-4828	39
324.	Cox, Bussie & Jeff	111 S. Green River Rd. Suite I	Evansville	Indiana	47715	812-618-2499	3
325.	Thorpe, Julie	11722 Allisonville Rd. Suite 102	Fishers	Indiana	46038	317-863-9470	2
326.	Williams, Jamie & Todd	1675 West Smith Valley Rd. Suite D4A	Greenwood	Indiana	46142	317-886-7153	0
327.	Thorpe, Julie	530 Massachusetts Ave., Suite 160	Indianapolis	Indiana	46204	317-643-5330	2
328.	Thorpe, Julie	2727 East 86th Street, Suite 145	Indianapolis	Indiana	46240	317-927-8750	0
329.	Thorpe, Julie	10895 N Michigan Road	Zionsville	Indiana	46077	317-572-8704	39
330.	Henderson, Taryn; Steenhoek, Mark	1615 SW Main Suite 107	Ankeny	Iowa	50023	515-985-2308	3
331.	Stephens, Spencer; Stephens, Jarrah	5300 Fountain Drive NE	Cedar Rapids	Iowa	52402	319-329-7929	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
332.	Henderson, Taryn; Steenhoek, Mark	140 Jordan Creek Parkway Suite 140	West Des Moines	Iowa	50266	515-212-5252	0
333.	Copley, Patrick & Christy	16131 W 87th St Pkwy	Lenexa	Kansas	66219	913-499-6453	0
334.	Copley, Patrick & Christy	6601 W 119th St	Overland Park	Kansas	66209	913.562.9570	0
335.	Copley, Patrick & Christy	11740 W. 135th St.	Overland Park	Kansas	66221	913-549-4185	39
336.	Otto, Nathan; Otto, Jennifer	4059 W 83rd St	Prairie Village	Kansas	66206	913-674-8609	0
337.	Jost, Kent	1900 N Rock Rd Suite 116	Wichita	Kansas	67228	316-600-0026	5
338.	Newman, Kelly; Gray, Lori	3420 Valley Plaza Parkway, Suite K	Ft. Wright	Kentucky	41017	859-349-0530	1
339.	McCarter, Rob	148 Malabu Drive, Suite 170	Lexington	Kentucky	40503	859-475-1530	8
340.	McCarter, Rob	2860 Richmond Rd, Suite 185	Lexington	Kentucky	40509	859-361-9192	0
341.	Ryser, Fred & Katie	12951 Shelbyville Road, suite 103	Louisville	Kentucky	40243	502-907-2364	3
342.	Ryser, Fred & Katie	4600 Shelbyville Road, suite 116	Louisville	Kentucky	40243	502-907-1577	3
343.	Williams, Kendra & Justin; O'Neal, Cole & Kayla	2561 CitiPlace Ct. STE 350	Baton Rouge	Louisiana	70808	225-773-4492	0
344.	Williams, Kendra & Justin; O'Neal, Cole & Kayla	500 Settlers Trace, Suite 9, Building C.	Lafayette	Louisiana	70508	337-366-5180	0
345.	Walker, Tanya & Trevor	2077 Highway 190 Suite 1	Mandeville	Louisiana	70471	985-807-1186	0
346.	LeBrun, Denise	2513 Metairie Rd.	Metairie	Louisiana	70001	504.484.9650	0
347.	Walker, Tanya & Trevor	6001 Magazine St	New Orleans	Louisiana	70118	504-355-1898	0
348.	Walker, Tanya & Trevor	3700 Orleans Ave	New Orleans	Louisiana	70119	5043562271	0
349.	Pryor, Dennis; Williams, Justin & Kendra	1409 East 70th Street, Suite 115	Shreveport	Louisiana	71105	318-795-8700	0
350.	McKay, Gary & Kathy	2661 Riva Rd Bldg. 600, Suite 625	Annapolis	Maryland	21401	240.324.7474	0
351.	Khanukayev, Irina	727 W. 40th St. Suite E101A	Baltimore	Maryland	21211	410-205-9788	39
352.	Leary, Christine	634 Marketplace Drive	Bel Air	Maryland	21014	410-499-2642	1
353.	Goldberg, Sue	4959 Elm Street,	Bethesda	Maryland	20814	301-541-8807	0
354.	McKay, Gary & Kathy	44940 St. Andrews Church Rd. Suite i	California	Maryland	20619	301-686-7799	1
355.	McKay, Gary & Kathy	2101 Concord Blvd, Suite F	Crofton	Maryland	21114	240.847.4441	0
356.	Grover, Jan & Chuck	4959 Westview Dr. Suite D	Frederick	Maryland	21703	301-304-4880	1
357.	Mirna Hammoud	123 Crown Park Ave	Gaithersburg	Maryland	20878	240-556-5855	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
358.	Grover, Jan & Chuck	20944 Frederick Road, Suite 140	Germantown	Maryland	20874	301-539-2252	0
359.	Stephenson, Kim	2250 Petrie Ln	Glenarden	Maryland	20706	0	0
360.	Leary, Christine	100 Shawan Rd. Suite C	Hunt Valley	Maryland	21030	443-541-5505	0
361.	Stephenson, Kim	14712 Baltimore Ave, Suite 103	Laurel	Maryland	20707	240-859-8808	0
362.	McKay, Gary & Kathy	18119 Town Center Drive	Olney	Maryland	20832	240-763-0729	0
363.	Leary, Christine	10209 GRAND CENTRAL AVE., SUITE 110	Ownings Mills	Maryland	21117	443.541.5424	0
364.	Bock, Dorian & Daniel	5007 Honeygo Center Drive #106	Perry Hall	Maryland	21128	410.339.1699	0
365.	Carnegie, Maritza	5544 Randolph Rd.	Rockville	Maryland	20852	240-252-3222	0
366.	McKay, Gary & Kathy	454 B Governor Ritchie Highway	Severna Park	Maryland	21146	410.648.4400	0
367.	Shafi, Misbah	956 Thayer Ave.	Silver Spring	Maryland	21014	469-403-0304	0
368.	Jenkins, Valyn & Josh	3716 Crain Highway	Waldorf	Maryland	20602	2409252233	0
369.	Schuck, David	43 Middlesex Turnpike, Unit 12	Burlington	Massachusetts	1803	781-300-7525	5
370.	Peterson, Jennifer	95 Washington Street	Canton	Massachusetts	2021	339-237-3440	5
371.	Miller, Tammy; Rizzo, Mike	280 Worcester Rd.	Framingham	Massachusetts	1702	774.999.0209	0
372.	Schuck, David	671 Market Street	Lynnfield	Massachusetts	1940	781-342-0401	0
373.	Finneran, Jill & Bill	35 Storey Avenue Unit #2	Newburyport	Massachusetts	1950	978-358-1699	0
374.	Pollard, Laura	93 Turnpike St.	North Andover	Massachusetts	1845	978-662-7879	0
375.	Day, Tim	19 Paradise Road	Salem	Massachusetts	1970	978-414-1414	2
376.	Bruce, Jeff & Michaela	193 Turnpike Road Suite 5120	Shrewsbury	Massachusetts	1545	508-310-1025	3
377.	Schuck, David	389 Revolution Dr	Somerville	Massachusetts	2145	857-997-2580	1
378.	Peterson, Jennifer	200C Linden Street	Wellesley	Massachusetts	2482	339-217-0172	1
379.	Vogel, Nick	3370 Washtenaw Ave	Ann Arbor	Michigan	48104	734.887.1938	0
380.	Vogel, Nick	2139 West Stadium Blvd	Ann Arbor	Michigan	48103	0	0
381.	Babineau, Thomas; Freeman, Brandi	31255 Southfield Road	Beverly Hills	Michigan	48025	248.878.9905	0
382.	Vogel, Nick	5846-B North Sheldon Road	Canton	Michigan	48187	734-550-4210	0
383.	Babineau, Thomas; Freeman, Brandi	2066 East Beltline Ave. NE	Grand Rapids	Michigan	49546	616-855-1626	0
384.	Babineau, Thomas; Freeman, Brandi	1886 Breton Road	Grand Rapids	Michigan	49506	616-855-1696	0
385.	Seymour, Sharon & Jason	21312 Mack Avenue	Grosse Pointe Woods	Michigan	48304	313-512-4567	0
386.	Babineau, Thomas; Freeman, Brandi	47484 Grand River Ave	Novi	Michigan	48375	248-410-7700	0
387.	Babineau, Thomas; Freeman, Brandi	131 S. Livernois	Rochester Hills	Michigan	48307	248 466-0600	39

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
388.	Seymour, Sharon & Jason	46841 Hayes Road	Shelby Township	Michigan	48315	586-232-0008	0
389.	Babineau, Thomas; Freeman, Brandi	67 E. Long Lake Road	Troy	Michigan	48085	248-230-8089	3
390.	Babineau, Thomas; Freeman, Brandi	4297 Orchard lake Rd. Suite 210	West Bloomfield	Michigan	48323	248-654-8020	0
391.	Nelson, Topher	3845 Lexington Avenue North, Suite 111	Arden Hills	Minnesota	55126	651-383-4640	7
392.	Nelson, Topher	10945 Club West parkway NE Suite 150	Blaine	Minnesota	55449	763-888-0003	7
393.	Nelson, Topher	3450 Pilot Knob Road, Suite 106	Eagan	Minnesota	55123	651-217-0772	1
394.	Bounds, Angela & Steve	574 Prairie Center Drive, Suite 155	Eden Prairie	Minnesota	55344	952-479-0844	0
395.	Bounds, Angela & Steve	3940 West 50th Street, Suite 110	Edina	Minnesota	55424	952-479-0443	0
396.	Ras, Brent & Kate	11658 Fountains Dr	Maple Grove	Minnesota	55369	763.219.4880	1
397.	Bounds, Angela & Steve	16106 Pilot Knob Road, Suite 130	Minneapolis	Minnesota	55345	952-467-8727	0
398.	Bounds, Angela & Steve	14010 Highway 13 South	Minneapolis	Minnesota	55378	952-777-5905	0
399.	Bounds, Angela & Steve	17760 MN-7	Minnetonka	Minnesota	55345	952-777-4440	39
400.	Ras, Brent & Kate	3570 Vicksburg Lane, Suite 400	Plymouth	Minnesota	55447	763-390-7933	0
401.	Nelson, Topher	4717 N. Highway 61	White Bear Lake	Minnesota	55110	651.505.4200	39
402.	Nelson, Topher	9000 Hudson Rd #602	Woodbury	Minnesota	55125	651-323-1134	39
403.	John Kaiser	1000 Highland Colony Pkwy, Ste. 6005	Ridgeland	Mississippi	39157	601-790-0499	0
404.	Schuck, David	122 Hilltown Village Center	Chesterfield	Missouri	63017	636.556.0526	0
405.	Schuck, David	702 North New Ballas Rd	Creve Coeur	Missouri	63141	314-736-4102	0
406.	Otto, Nathan; Otto, Jennifer	610 W 48th Street	Kansas City	Missouri	64112	816-875-3226	0
407.	Copley, Patrick & Christy	10450-C NE Cookingham Dr.	Kansas City	Missouri	64157	816-703-7563	0
408.	Otto, Nathan; Otto, Jennifer	940 NW Pryor Road Suite E	Lee's Summit	Missouri	64081	816-827-8313	8
409.	Mann, Scott & Amy	2144 E. Republic Rd.,	Springfield	Missouri	65807	4173851285	2
410.	Schuck, David	2535 S. Brentwood Blvd	St Louis	Missouri	63144	314-551-2126	0
411.	Baydu, Sule; Baydu, Berke	1894 Wentzville Parkway	Wentzville	Missouri	63385	636-887-0019	0
412.	Stieg, Ryan; Stieg, Jillian	1411 38th Street West, Suite 2	Billings	Montana	59104	406-601-3777	0
413.	Kassity, Jennifer & Michael	1707 W. Oak Street, Suite C	Bozeman	Montana	59715	406.404.1922	1
414.	Froscheiser, Jay & Angelia	16909 Lakeside Hills Plaza #115	Omaha	Nebraska	68130	402-210-2933	1

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
415.	Froscheiser, Jay & Angelia	617 N. 98th Street	Omaha	Nebraska	68114	402-807-3741	0
416.	Froscheiser, Jay & Angelia	15805 West Maple Rd, Ste 105	Omaha	Nebraska	68116	402-885-9409	3
417.	Kirkland, Justin & Craig	4140 East Sunset Road	Henderson	Nevada	89014	702-852-2600	0
418.	Kirkland, Craig & Justin	10525 S. Eastern Ave. Ste 140	Henderson	Nevada	89052	702.907.2758	0
419.	Kirkland, Craig & Justin	8015 Blue Diamond Rd #155	Las Vegas	Nevada	89178	702-665-7914	0
420.	Kirkland, Craig & Justin	9670 W. Skye Canyon Park Dr. Suite 130	Las Vegas	Nevada	89166	702-508-8586	0
421.	Kirkland, Craig & Justin	7460 W Lake Mead Blvd. #E1	Las Vegas	Nevada	89128	702-979-3422	1
422.	Kirkland, Craig & Justin	5060 S Fort Apache Ste 115	Las Vegas	Nevada	89148	702-608-1396	0
423.	Kirkland, Craig & Justin	6905 Aliante Parkway, Suite 104	North Las Vegas	Nevada	89084	702-342-8827	0
424.	Halosz, Johanna	6815 Sierra Center Parkway, Suite 500	Reno	Nevada	89511	775-298-1678	0
425.	Halosz, Johanna	1620 Robb Dr Ste C1	Reno	Nevada	89523	775-525-0549	7
426.	Halosz, Johanna	2453 Wingfield Hills Road, Suite 110	Sparks	Nevada	89436	775-737-3322	0
427.	McNamara, Anne	3-5 Colby Court #300B	Bedford	New Hampshire	3110	603-498-6098	0
428.	McNamara, Anne	2454 Lafayette Road Unit 11	Portsmouth	New Hampshire	3801	603-274-0094	0
429.	Collins, Caroline & Dennis	25 Mountainview Blvd.	Basking Ridge	New Jersey	7920	973)-348-5633	0
430.	Spidare, Karen & Todd	334 Chimney Rock Rd.,	Bound Brook	New Jersey	8805	908-333-6786	0
431.	Watkins, Farah*	852 ROUTE 3	Clifton	New Jersey	7012	908-287-5555	0
432.	Watkins, Farah	700 Route 3 West	Clifton	New Jersey	7012	908-287-5555	8
433.	Uku, Richard	3056 Route 10 West	Denville	New Jersey	7834	973-920-2623	0
434.	Horvath, Emese; Evans, Gregg	14 Edgewater Towne Center Suite 3D	Edgewater	New Jersey	7020	201-877-4070	0
435.	Fazaldin, Elaine*	905 US Route 1	Edison	New Jersey	8817	732-258-8849	3
436.	Warner, Alison	437 Old Hook Road Unit #5	Emerson	New Jersey	7630	201.949.7222	0
437.	Untener, Scott & Suzanne	19 W. Palisade Ave.	Englewood	New Jersey	7631	201.568.1700	2
438.	Spidare, Karen & Todd	100 Reaville Ave., Unit #5	Flemington	New Jersey	8822	908-483-7888	0
439.	Untener, Scott & Suzanne	201 Main Street	Fort Lee	New Jersey	7024	201-383-9030	0
440.	Horvath, Emese; Evans, Gregg	1400 Hudson Street Suite 3C	Hoboken	New Jersey	7030	201-839-6648	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
441.	Andricsak, Cathy; Massa, Allison	4797 US 9	Howell Township	New Jersey	7731	732-218-9679	0
442.	Horvath, Emese; Evans, Gregg	171 Morgan Street	Jersey City	New Jersey	7010	201-201-8020	0
443.	Katznelson, Michael	277 Eisenhower Pkwy	Livingston	New Jersey	7039	9736298521	0
444.	Collins, Caroline & Dennis	53 Main St	Madison	New Jersey	7940	973-765-6260	39
445.	Davis, Brennan	12 Route 9 North	Marlboro	New Jersey	7751	732-984-9696	1
446.	Gonzalez, Joe & Rachel	101 South Route 73, Suite 115	Marlton	New Jersey	8053	973-834-9245	0
447.	Fazaldin, Elaine	660 Middlesex Avenue, Suite 100	Metuchen	New Jersey	8840	732-202-5600	2
448.	Laden, Gary	1377 Route 35	Middletown	New Jersey	7748	732-639-1046	0
449.	Uku, Richard	568 Bloomfield Ave	Montclair	New Jersey	7042	973-866-0222	0
450.	Spidare, Karen & Todd	21 Belle Mead Griggstown Rd	Montgomery Township	New Jersey	8502	908-751-0202	3
451.	Sapka, Allison & Chris	26 Farm View	Montvale	New Jersey	7645	201-822-5260	1
452.	Uku, Richard	170 E. Hanover Ave	Morristown	New Jersey	7960	973-944-1187	0
453.	Davis, Brennan	650 Shoppes Blvd	North Brunswick	New Jersey	8902	732-447-9690	2
454.	Untener, Scott & Suzanne	269 Livingston Street Ste P	Northvale	New Jersey	7647	201-588-5403	2
455.	Warner, Alison	350 Ramapo Valley Rd, Unit 430	Oakland	New Jersey	7436	973-846-4956	0
456.	Sapka, Allison & Chris	700 Paramus Park	Paramus	New Jersey	7652	201-986-6543	0
457.	Spidare, Karen & Todd	3535 US Route 1, Suite 420	Princeton	New Jersey	8540	609-759-2121	0
458.	Mokray, Joan	875 Route 17 South, Ramsey Center	Ramsey	New Jersey	7446	551.264.9222	0
459.	Watkins, Farah	1051 Main Street	River Edge	New Jersey	7661	908-287-5555	0
460.	Collins, Caroline & Dennis	800 Morris Turnpike, Ste 103	Short Hills	New Jersey	7078	973.710.4755	39
461.	Laden, Gary	160 Shrewsbury Plaza	Shrewsbury	New Jersey	7702	732-889-4343	0
462.	Andricsak, Cathy; Massa, Allison	1919 Route 35 Suite 301	Wall Township	New Jersey	7719	732-539-9077	0
463.	Warner, Alison	1616 Route 23 North	Wayne	New Jersey	7470	973-437-5053	0
464.	Uku, Richard	770 Bloomfield Ave.,	West Caldwell	New Jersey	7006	973-787-9074	0
465.	Horvath, Emese; Evans, Gregg	45-4 Riverwalk Pl.,	West New York	New Jersey	7093	201.875.1550	0
466.	Katznelson, Michael	225 E. Broad Ave	Westfield	New Jersey	7090	908.233.0950	0
467.	Sapka, Allison & Chris	525 Cedar Hill Ave	Wyckoff	New Jersey	7481	201.447.2500	0
468.	Rule, Jessica	5600 Coors Blvd. NW, Suite G-2	Albuquerque	New Mexico	87120	505-444-6995	39
469.	Rule, Jessica	11000 Montgomery Blvd NE, Ste 3	Albuquerque	New Mexico	87111	505-395-9511	3

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
470.	Rule, Jessica	3575 NM Hwy 528 NE, Suite H-100	Rio Rancho	New Mexico	87114	505-675-1818	0
471.	Rhyu, Heather	875 Saw Mill River Rd	Ardsley	New York	10502	914-292-1292	0
472.	Goldstein, David	907 Montauk Hwy	Bayport	New York	11705	0	0
473.	Grassi, Jim & Kristy	571 E Main St	Bayshore	New York	11706	0	2
474.	Terrance O'Grady	1890 Monroe Ave	Brighton	New York	14618	585-361-8520	39
475.	Goldenberg, Louisa	540 86th Street	Brooklyn	New York	11209	718-701-0050	0
476.	Goldenberg, Louisa	485 Kings Highway	Brooklyn	New York	11223	718)701-0109	0
477.	Chu, Isaac	181 Pacific St	Brooklyn	New York	11201	718-635-1699	0
478.	Goldenberg, Louisa	1635 Sheepshead Bay Rd, 2nd Floor	Brooklyn	New York	11235	718-701-0242	1
479.	Gevinski, Ed & Sarah	336 Flatbush Avenue	Brooklyn	New York	11238	929-376-2762	3
480.	Kimel, Alex	56 N. 3rd St.	Brooklyn	New York	11249	929-390-2259	0
481.	Arshad, Saam	15 Clifton Country Road	Clifton Park	New York	12065	518-691-3131	2
482.	Wolk, David	6226 Jericho Turnpike	Commack	New York	11725	631-600-3072	0
483.	Davis, Martin; Stalek, Rebecca; Cavallo, Jason; Cavallo, Darin; Cavallo, Holly	1949 Front Street	East Meadow	New York	11554	516-744-1154	1
484.	Terrance O'Grady	687 Moseley Rd.	Fairport	New York	14450	585-598-7737	0
485.	Davis, Martin; Stalek, Rebecca; Cavallo, Jason; Cavallo, Darin; Cavallo, Holly	7039 Austin St	Forest Hills	New York	11375	917-338-4849	0
486.	Lo, David & Michelle	181 Seventh Street	Garden City	New York	11530	516-203-7377	2
487.	Goldstein, David	139A Alexander Avenue	Lake Grove	New York	11755	516-527-4040	0
488.	Grassi, Jim & Kristy	4222 Sunrise Highway	Massapequa	New York	11758	516-366-1700	1
489.	Wolk, David	874 Walt Whitman Road	Melville	New York	11747	516-200-1097	0
490.	Rosenbluth, Allen & Pamela	1674 Merrick Rd	Merrick	New York	11566	516-550-7088	1
491.	Goldstein, David	159 Route 25A, Miller Place, NY 11764	Miller Place	New York	11764	516-527-4040	0
492.	Gevinski, Ed & Sarah	30 E Main St	Mount Kisco	New York	10549	914.362.8414	0
493.	Lefkowitz, Mark	208 S Main St.	New City	New York	10956	845-608-8280	3
494.	Lo, David & Michelle	1632 Marcus Ave.	New Hyde Park	New York	11040	516-654-6938	0
495.	Rhyu, Heather	77 Quaker Ridge Rd	New Rochelle	New York	10804	914-380-1377	0
496.	Chu, Isaac	381 Second Avenue	New York	New York	10010	212-601-2667	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
497.	Cavallo, Jason; Cavallo, Darin	580 Columbus Avenue	New York	New York	10024	315-610-7580	0
498.	Cavallo, Jason; Cavallo, Darin	601 W. 57th Street	New York	New York	10019	646-766-0290	0
499.	Yang, John & Barletta, Renee	1715 First Avenue	New York	New York	10128	917.685.0240	1
500.	Acquista, Angelo; Aquista, Dominick	47 Murray Street	New York	New York	10007	646-289-5099	0
501.	Acquista, Angelo; Aquista, Dominick	389 6th Ave	NY	New York	10014	646-370-6343	1
502.	Rosenbluth, Allen & Pamela	3197 Long Beach Rd.	Oceanside	New York	11572	516-280-1515	1
503.	Cavallo, Jason; Cavallo, Darin	527 Boston Post Road	Port Chester	New York	10573	914-940-4740	0
504.	Rhyu, Heather	365 Central Park Avenue	Scarsdale	New York	10583	914.449.4411	0
505.	Dehner, Sandra	850 County Route 39	Southampton	New York	11968	6313820898	2
506.	Uku, Richard	2655 Richmond Avenue	Staten Island	New York	10314	718-701-2277	0
507.	Winters, Gregory	5 North Airmont Road	Suffern	New York	10901	845-918-1900	0
508.	Grassi, Jim & Kristy	1173 Wantagh Ave	Wantagh	New York	11793	516-246-5999	1
509.	Wolk, David	7947 B Jericho Turnpike	Woodbury	New York	11797	646-907-9626	1
510.	Cropp, Hadley & Kevin	80 Charlotte Street, Ste. 20	Asheville	North Carolina	28801	828-782-3629	0
511.	Cropp, Hadley & Kevin	28 Schenck Pkwy #155	Asheville	North Carolina	28803	828-318-8800	0
512.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	201 Fenton Gateway Dr, Suite 120	Cary	North Carolina	27511	984-345-2288	0
513.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	1104 Parkside Main Street	Cary	North Carolina	27519	919.899.9035	1
514.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	1800 E. Franklin Street #9	Chapel Hill	North Carolina	27514	919.781.8089	0
515.	Pennypacker, John	1247 East Blvd #250	Charlotte	North Carolina	28203	704-686-7111	0
516.	Demattia, Tanya	10012 Benfield Rd #303 and 304	Charlotte	North Carolina	28269	704-992-6573	1
517.	Harris, Doug	4914 Old Sardis Road Suite C-2	Charlotte	North Carolina	28211	704-558-6200	2
518.	Harris, Doug	10822 Providence Rd Ste 800	Charlotte	North Carolina	28277	980.272.4814	0
519.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	1125 NC 54	Durham	North Carolina	27707	984-278-7223	0
520.	Becker, Cristina	2713 Suite 2 Freedom Parkway Drive	Fayetteville	North Carolina	28314	910-758-1835	0
521.	Schuck, David	3349 Battleground Avenue suite 1005	Greensboro	North Carolina	27410	336-404-7871	1
522.	Copley, Terri	703 Greenville Blvd. SE, Suite 105	Greenville	North Carolina	27858	252-652-3206	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
523.	Schuck, David	1589 Skeet Club Rd	High Point	North Carolina	27265	336-404-7871	1
524.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	317 Matthews Drive	Holly Springs	North Carolina	27540	919-355-9810	0
525.	Pennypacker, John	9525 Birkdale Crossing Drive Ste 102	Huntersville	North Carolina	28078	704-631-5600	0
526.	Agnoff, Steve	2028 Olde Regent Way, Suite 140	Leland	North Carolina	28451	910-725-6190	0
527.	Ullom, Caitlin	2211 Matthews Township Pkwy, Unit E	Matthews	North Carolina	28105	704-594-5670	39
528.	Pennypacker, John	146 Mooresville Commons Way Unit 25	Mooresville	North Carolina	28117	980.260.0000	0
529.	Pelnik, Chris, Linda & Katie	9735 US 15-501 Suite E	Pinehurst	North Carolina	28374	910-783-2077	2
530.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	9650 Leesville Road, Suite 150	Raleigh	North Carolina	27613	919-277-1484	0
531.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	2920 Sherman Oak Place, Suite 130	Raleigh	North Carolina	27609	919-867-1900	0
532.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	9400 Falls of Neuse Rd	Raleigh	North Carolina	27615	919.670.3077	0
533.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	1898 South Franklin Street, Suite 104	Wake Forest	North Carolina	27587	984-204-7850	0
534.	Wrightson, Art; Wrightson, Yuri	8163 Kensington Drive STE A	Waxhaw	North Carolina	28173	704-627-8100	2
535.	Agnoff, Steve	1407 Barclay Pointe Blvd, Suite 403	Wilmington	North Carolina	28412	910-260-5511	0
536.	Agnoff, Steve	1121-F Military Cutoff Rd.,	Wilmington	North Carolina	28405	910.408.2630	0
537.	Henry, Kristin	371 Lower Mall Drive	Winston-Salem	North Carolina	27103	336-717-1222	0
538.	Shumway, Jeff & Lisa	2451 Lakeview Dr., Ste. 104	Beavercreek	Ohio	45431	937-365-2929	0
539.	Schuck, David	4223 East Royalton Rd	Broadview Heights	Ohio	44147	440-397-0050	0
540.	Schuck, David	8474 East Washington St. Unit 11	Chagrin Falls	Ohio	44023	440-804-5110	0
541.	Schroeder, Tanya & Jason	7578 Beechmont Ave,	Cincinnati	Ohio	45233	0	0
542.	Hansen, Peter	2692 Madison Rd	Cincinnati	Ohio	45208	513-993-1350	0
543.	Hansen, Peter	7827 Kenwood Road	Cincinnati	Ohio	45236	2183499728	0
544.	Hansen, Peter	12088 Montgomery Road	Cincinnati	Ohio	45249	513.766.9008	0
545.	McTigue, Caitlin	5780 N. Hamilton Rd. Unit G	Columbus	Ohio	43230	614-245-0333	0
546.	Kadakia, Rupalee; Khandelwal, Leena	8924 Lyra Drive	Columbus	Ohio	43240	614-408-3662	0
547.	Shumway, Jeff & Lisa	175 E. Alexandersville-Bellbrook Road, Suite #202	Dayton	Ohio	45459	937-200-1550	0
548.	Shumway, Jeff & Lisa	3649 Rigby Road	Dayton	Ohio	45342	937-886 - 4810	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
549.	Schuck, David	2725 W. Market St, Suite 130	Fairlawn	Ohio	44333	330-920-0020	0
550.	McTigue, Caitlin	1080 Yard Street	Grandview Heights	Ohio	43212	614-776-0282	0
551.	Schuck, David	118 W Streetsboro St., Room 25	Hudson	Ohio	44236	330-475-7771	1
552.	Schuck, David	311 Park Ave Ste. 123	Orange	Ohio	44122	440-703-6077	0
553.	Grewal, Saru	26597 N. Dixie Highway Suite 167	Perrysburg	Ohio	43551	567-246-9160	2
554.	Kadakia, Rupalee; Khandelwal, Leena	10710 Blacklick Eastern Road, Suite 200	Pickerington	Ohio	43147	614-408-3678	0
555.	McTigue, Caitlin	7404 SR 161	Plain City	Ohio	43064	614-923-0940	0
556.	McTigue, Caitlin	4024 Powell Road	Powell	Ohio	43065	614-245-0300	5
557.	Schuck, David	34348 Aurora Rd Unit 19	Solon	Ohio	44139	440-201-7064	0
558.	Harris, Jon & Laura	7554 Voice of America Center Drive	West Chester Township	Ohio	45069	513-463-8588	0
559.	Schuck, David	30032 Detroit Rd.	Westlake	Ohio	44145	440-665-7941	0
560.	Andrus, Beth; Pompeani, Fred	5880 SOM Center Road	Willoughby	Ohio	44094	440-856-4040	0
561.	McTigue, Caitlin	71 W. Wilson Bridge Rd., Ste. 150	Worthington	Ohio	43085	614-245-0300	0
562.	Creecy, David & Janelle	15124 Lleytons Court, Ste. 105	Edmond	Oklahoma	73013	405-607-6737	0
563.	Clark, Curt & Victoria	11476 S Union Ave Ste 102	Jenks	Oklahoma	74037	918.291.1420	0
564.	Gandy , Andrea & Justin	1352 N. Interstate Drive,	Norman	Oklahoma	73072	405-561-1442	0
565.	Gandy, Andrea	12301 South Western Ave Suite B-6	Oklahoma City	Oklahoma	73170	405-759-7111	0
566.	Creecy, David & Janelle	7550 N. May Ave., #100	Oklahoma City	Oklahoma	73116	405-607-3355	0
567.	Clark, Curt & Victoria	3230 E 21st Street	Tulsa	Oklahoma	74114	918-725-1705	0
568.	Clark, Curt & Victoria	9136 S Sheridan Rd	Tulsa	Oklahoma	74133	918-770-7391	0
569.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	12305 SW Horizon Blvd Suite J207	Beaverton	Oregon	97007	503-605-1453	0
570.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	2725 SW Cedar Hills Blvd., Suite 100	Beaverton	Oregon	97005	503-430-0693	0
571.	Cox, Amy	20520 Robal Lane, Suite 104	Bend	Oregon	97701	541.410-1183	39
572.	Lisitza, Christie & Steve	440 Coburg Road Suite 100	Eugene	Oregon	97401	541-248-1406	0
573.	McCartney, Alyssa	12900 SE 162nd Ave., Ste. 101	Happy Valley	Oregon	97086	971-236-7634	39
574.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	3 Monroe Parkway, Suite 300F,	Lake Oswego	Oregon	97035	503-822-5473	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
575.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	7515 SW Barnes Rd. Ste 102	Portland	Oregon	97225	971.249.8555	0
576.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	21370 SW Langer Pkwy. Ste.144	Sherwood	Oregon	97140	503-352-4543	5
577.	McCartney, Alyssa	1554 Garden St #101	West Linn	Oregon	97068	5032183736	0
578.	Hammers, Jennifer	4655 William Flynn Highway Suite 113	Allison Park	Pennsylvania	15101	412-385-4482	0
579.	Rosner, David & Mayra	222 East Main Street #012	Collegeville	Pennsylvania	19426	484-284-8004	0
580.	Waller, George	22 East Ridge Pike	Conshohocken	Pennsylvania	19428	267-462-4411	2
581.	Hammers, Jennifer	860 Beaver Grade Road Suite 200	Coraopolis	Pennsylvania	15108	412-465-6566	0
582.	Rosner, Mayra Main Contact)	1745 S. Easton Road, Suite H4	Doylestown	Pennsylvania	18901	215-874-0800	0
583.	Longo, Margo & Randy	812 N. Pottstown Pike	Exton	Pennsylvania	19341	484-879-4048	1
584.	Longo, Margo & Randy	215 Lancaster Ave	Frazer	Pennsylvania	19355	484.787.3905	1
585.	Glatter, Sandy	1627 The Fairway	Jenkintown	Pennsylvania	19046	215-277-3199	0
586.	McKay, Gary & Kathy	823 East Baltimore Pike	Kennett Square	Pennsylvania	19348	610-624-3350	1
587.	McKay, Gary & Kathy	1567 Fruitville Pike, Suite 3	Lancaster	Pennsylvania	17601	717-925-7727	1
588.	Borga, Brittany	202 Blue Spruce Way	Marysville	Pennsylvania	15668	412-701-4941	0
589.	Blair, Mike & Jennifer	3555 Washington Rd	McMurray	Pennsylvania	15317	724-912-7766	0
590.	Rosner, David & Mayra	44 West Rd	Newtown	Pennsylvania	18940	215-764-5515	0
591.	Borga, Brittany	5430 Centre Avenue	Pittsburgh	Pennsylvania	15232	724-370-3773	3
592.	Hammers, Jennifer	8013 McKnight Rd, 200B	Pittsburgh	Pennsylvania	15237	412–924-8141	1
593.	Schlosser, David & Mari Jo	1500 Washington Rd., Suite 2601	Pittsburgh,	Pennsylvania	15228	412-212-1169	0
594.	Waller, George	1105-D N Bethlehem Pike	Springhouse	Pennsylvania	19477	610-200-5591	0
595.	Castiglione, Mike; Adamiak, Autumn	101 Fowler Road, Suite C	Wexford	Pennsylvania	15090	878-332-2311	1
596.	Sciacca, Jessica	1000 Division Street, Suite 75	East Greenwich	Rhode Island	2818	7149435499	3
597.	Demattia, Tanya	161 South Aiken Lane Suite 410	Aiken	South Carolina	29803	803-302-7778	0
598.	Keen, Henry	1320 Dutch Fork Road, Suite A	Ballentine	South Carolina	29033	803-233-7800	0
599.	Garrett, Jim & Patty	1739 Maybank Hwy, Suite L	Charleston	South Carolina	29412	843-800-8986	1
600.	Keen, Henry	4605 Forest Dr., Suite 4	Forest Acres	South Carolina	29206	803-485-1060	0
601.	Pennypacker, John	2373 Len Patterson Road Suite 102	Fort Mill	South Carolina	29708	803-399-0530	0
602.	Cropp, Kevin	1939-A Woodruff Rd.	Greenville	South Carolina	29607	864)469-2330	39

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
603.	Cropp, Kevin	2107 Augusta St	Greenville	South Carolina	29605	864-469-2330	0
604.	Keen, Henry	5230 Sunset Blvd., Suite C,	Lexington	South Carolina	29072	803-756-4040	0
605.	Garrett, Jim & Patty	1701 Shoremeade Rd. Suite 630	Mt. Pleasant	South Carolina	29464	843-800-8986	0
606.	Josephson, Stefanie	1224 Highway 17N North	Myrtle Beach	South Carolina	29582	7046503414	0
607.	Garrett, Jim & Patty	9512 Dorchester Rd, Suite 150	Sumerville	South Carolina	29485	843-800-8990	0
608.	Wieczorek, Adam; Wieczorek, Kayla	5009 S. Western Ave Ste 220	Sioux Falls	South Dakota	57108	605.681.6556	0
609.	Fielder, Tom	101 Creekside Crossing, Suite 600	Brentwood	Tennessee	37027	615-645-6300	1
610.	Best, John; Rogers, King	301 Manufacturers Road, Suite B203	Chatanooga	Tennessee	37405	910-512-4200	0
611.	Barnes, Phillip & Tara	3660 S Houston Levee Rd #108	Collierville	Tennessee	38017	901-255-0606	39
612.	Fielder, Tom	4031 Aspen Grove Drive, Suite 120	Franklin	Tennessee	37067	615-538-1199	0
613.	Fielder, Tom	6001 Hughes Crossing Ste. 110	Franklin	Tennessee	37064	615-905-0891	0
614.	Fielder, Tom	217 Indian Lake Blvd. Ste. 1002	Hendersonville	Tennessee	37075	615-270-2470	0
615.	Barnes, Phillip & Tara	9915 HWY 64 Suite 106	Memphis	Tennessee	38002	901-586-8352	0
616.	Barnes, Phillip & Tara	6300 Poplar Ave Ste 103	Memphis	Tennessee	38119	901-646-5054	0
617.	Whitman, Jared & Tanja	3266 Memorial Blvd	Murfreesboro	Tennessee	37129	615-691-4699	3
618.	Fielder, Tom	402 11th Avenue North	Nashville	Tennessee	37203	615-733-8080	0
619.	Fielder, Tom	4326 Harding Pike, Suite 105	Nashville	Tennessee	37205	615-988-4488	2
620.	Kellcy, Julia; Blevins, Brandi	4150 Southwest Drive, Suite 118	Abilene	Texas	79606	325-671-4604	0
621.	Furniss, Michael	190 E Stacy Road	Allen	Texas	75002	469-393-2002	0
622.	Rule, Jessica	7669 Hillside Rd Suite 200	Amarillo	Texas	79119	806-414-4855	1
623.	Schuck, David	1236 FM 407 Northlake	Argyle	Texas	76247	0	0
624.	Howard, Kendall	4124 S. Cooper Street	Arlington	Texas	76015	817-704-3927	0
625.	Howard, Kendall	821 East Lamar Blvd.	Arlington	Texas	76011	817-532-5066	0
626.	Hernandez, Hector; Lindner, Molly	3810 N Quinlan Park Rd	Austin	Texas	78732	5123687452	0
627.	Hernandez, Hector; Lindner, Molly	3563 Far West Blvd	Austin	Texas	78731	5128743724	0
628.	Stephens, Michelle	4220 W William Cannon Dr, Suite 110	Austin	Texas	78749	0	0
629.	Hernandez, Hector; Lindner, Molly	11011 East 5th, suite 130	Austin	Texas	78702	512-855-1111	0
630.	Hernandez, Hector; Lindner, Molly	166 Hargraves Drive, Suite 500	Austin	Texas	78737	512-212-7525	0
631.	Hernandez, Hector; Lindner, Molly	6317 Bee Cave Rd, Suite 220	Austin	Texas	78746	512-515-1440	0
632.	Hernandez, Hector; Lindner, Molly	1011 East 5th Street, Suite 130	Austin	Texas	78702	512-878-3271	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
633.	Fichaud, Chris & Susan; Deshazer, Sandra	5103 Bellaire Blvd #245	Bellaire	Texas	77401	832-643-9952	0
634.	Kellcy, Julia; Blevins, Brandi	1245 Main Street Suite 310	Buda	Texas	78610	512-523-5079	0
635.	Hernandez, Hector; Lindner, Molly	5001 183A Toll Road Suite G400	Cedar Park	Texas	78613	512.399.5212	39
636.	Cotter, Melanie	910 William D Fitch Parkway, Suite 600	College Station	Texas	77845	979-999-1896	0
637.	Martin, Debi & Todd	106 N. Denton Tap Road, Suite 202	Coppell	Texas	75019	972-848-3308	1
638.	Howard, Kendall	1650 Highway 380, Suite 150	Crossroads	Texas	76227	940-600-4112	0
639.	Fichaud, Chris & Susan; Deshazer, Sandra	9955 Barker Cypress Ste 215	Cypress	Texas	77433	832-653-9419	1
640.	Martin, Debi & Todd	6402 Gaston Ave Suite 6402A	Dallas	Texas	75214	945-800-1115	0
641.	Martin, Debi & Todd	9850 Walnut Hill Lane Suite 435	Dallas	Texas	75238	682-253-6816	0
642.	Millwee, Sarah	5290 Belt Line Rd, Suite 123	Dallas	Texas	75254	469-352-9291	0
643.	Martin, Debi & Todd	4343 W Northwest Highway	Dallas	Texas	75220	214-785-6980	0
644.	Martin, Debi & Todd	18208 Preston Road, Ste D-8	Dallas	Texas	75252	469-907-4260	0
645.	Martin, Debi & Todd	4701 Colleyville Blvd. Ste 430	Dallas	Texas	76034	817.409.6970	0
646.	Howard, Kendall	3220 Teasley Suite 104	Denton	Texas	76210	940-580-1223	0
647.	Rule, Jessica	7460 Cimarron Market	El Paso	Texas	79911	915-465-5595	0
648.	Schuck, David	1221 Flower Mound Rd Ste 320	Flower Mound	Texas	75028	817.668.0108	1
649.	Millwee, Sarah	2300 West 7th Street #116	Fort Worth	Texas	76107	817-415-0816	0
650.	Millwee, Sarah	5924 Convair Drive Suite A300	Fort Worth	Texas	76109	817-767-4991	0
651.	Martin, Debi & Todd	2317 North Tarrant Parkway, Suite 423	Fort Worth	Texas	76177	682.312.6030	39
652.	Schuck, David	6959 Lebanon Road, Ste 121	Frisco	Texas	75034	469.701.1252	0
653.	Schuck, David	2500 Eldorado Parkway	Frisco	Texas	75033	469-430-0304	1
654.	Schuck, David	6850 N Shiloh Rd Suite H1	Garland	Texas	75044	469-718-7850	0
655.	Hernandez, Hector; Lindner, Molly	1225 S. IH 35	Georgetown	Texas	78626	737-237-4182	0
656.	Leighton, Craig & Shari	12423 Bandera Road	Helotes	Texas	78023	210-890-2610	0
657.	Martin, Debi & Todd	2540 Justin Rd. Suite 177	Highland Village	Texas	75077	972.597.4275	1
658.	Webb, Tyler & Kristi	3929 Woodson's's Reserve Pkwy, Suite #400	Houston	Texas	77386	346-484-2255	0
659.	Wafford, Nicole	5535 Memorial Ave	Houston	Texas	77007	713-955-3595	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
660.	Schuck, David	1765 S Friendswood Dr. Suite 103	Houston	Texas	77546	832-862-2023	5
661.	Wells, Daniela	16430 W. Lake Houston Pkwy., Suite 300-	Houston	Texas	77044	832.779.2622	0
662.	Schuck, David	3277 Southwest Freeway, Suite B	Houston	Texas	77027	832-301-0440	2
663.	Schuck, David	6401 Woodway Drive, ste 167	Houston	Texas	77057	281-738-1001	1
664.	Schuck, David	2323 Clear Lake City Blvd, Suite 183	Houston	Texas	77062	832-584-4120	3
665.	Pontone, Elisa & Scott; Hunt, Nate	2401 N Shepherd Drive, Suite 120	Houston	Texas	77008	713-489-0556	2
666.	Pontone, Elisa & Scott; Hunt, Nate	14129 Memorial Drive	Houston	Texas	77079	281.661.3114	1
667.	Martin, Debi & Todd	4000 N. MacArthur Blvd. Ste #A122	Irving	Texas	75038	469.214.4822	39
668.	Fichaud, Chris & Susan; Deshazer, Sandra	2100 Westheimer Parkway	Katy	Texas	77450	281-676-4638	0
669.	Pontone, Elisa & Scott; Hunt, Nate	10705 Spring Green Blvd., #200,	Katy	Texas	77494	832.913.1847	0
670.	Schuck, David	242 Rufe Snow Drive, Suite 170	Keller	Texas	76248	817-668-0007	0
671.	Wells, Daniela	730 Kingwood Dr.	Kingwood	Texas	77399	832-592-7953	39
672.	Kellcy, Julia; Blevins, Brandi	5581 Kyle Center Drive	Kyle	Texas	78640	512-507-7022	8
673.	Petters, Jon	2951 Ranch Rd 620 S Ste. 103	Lakeway	Texas	78738	575.937.0479	0
674.	Schuck, David	2875 E League City Pkwy	League City	Texas	77573	832-920-3198	1
675.	Short, Kyle & Susan	10305 Quaker Ave., Space 900	Lubbock	Texas	79424	806-503-3838	0
676.	Becker, Lance & Sarah	3300 East Broad St #130	Mansfield	Texas	76063	817-592-2555	39
677.	Schuck, David	7001 S. Custer Rd & Ridge Creek Pkwy	McKinney	Texas	75070	469-701-1254	0
678.	Furniss, Michael	1620 N. Hardin Blvd, Suite 1300	McKinney	Texas	75071	469-625-2648	1
679.	Schuck, David	9245 Virginia Pkwy, Suite #200	McKinney	Texas	75071	972-838-5558	0
680.	Schuck, David	8740 Hwy 6 #100	Missouri City	Texas	77459	281 747-5777	0
681.	Schuck, David	226 E. FM 544, Suite 106	Murphy	Texas	75094	214-235-2931	0
682.	Becker, Lance & Sarah	1935 W State Hwy 46, Suite 104	New Braunfels	Texas	78132	830-632-9666	0
683.	Schuck, David	2810 Business Center Drive, Suite 114	Pearland	Texas	77584	281-800-8414	0
684.	Schuck, David	4709 W Parker Road, Suite 490	Plano	Texas	75093	469-606-2343	2
685.	Schuck, David	1170 North Preston Rd Suite 110	Prosper	Texas	75078	336-404-7871	0
686.	Schuck, David	1415 E Renner Rd	Richardson	Texas	75082	469-485-3711	0
687.	Bec, Elaine; Tseo, My	10169 W Grand Pkwy S Ste 400	Richmond	Texas	77407	832-804-8833	1
688.	Furniss, Michael	3301 N Goliad St. Suite 103	Rockwall	Texas	75087	469-718-7787	3

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
689.	Hernandez, Hector; Lindner, Molly	2800 South IH-35, Suite 160	Round Rock	Texas	78681	512-399-5216	0
690.	Schuck, David	3316 Lakeview Pkwy	Rowlett	Texas	75088	214-235-3582	0
691.	Leighton, Craig & Shari	14244 Potranco Rd	San Antonio	Texas	78254	9174940578	2
692.	Stephens, Michelle	255 E. Basse Road #360	San Antonio	Texas	78209	210-783-0440	0
693.	Stephens, Michelle	1150 N. Loop 1604 W., Suite 140	San Antonio	Texas	78248	210-745-5595	5
694.	Mueller, Christian & Stefanie	21803 IH-10 West	San Antonio	Texas	78257	210-610-7878	0
695.	Becker, Lance & Sarah	20210 Stone Oak Parkway, Suite 105	San Antonio	Texas	78258	866-808-1212	39
696.	Becker, Lance & Sarah	6018 FM 3009, Suite 50	Shertz	Texas	78154	866-971-2202	39
697.	Schuck, David	480 W. Southlake Boulevard,suite 131	Southlake	Texas	76092	817-668-0011	0
698.	Fichaud, Chris & Susan; Deshazer, Sandra	7316 Louetta Road #B302	Spring	Texas	77379	281-607-2485	0
699.	Schuck, David	3157 Highway 6	Sugar Land	Texas	77478	281.369.4977	0
700.	Grubbs, Jenifer; Holman, Jessica	6768 W Adams Ave #102	Temple	Texas	76502	254-654-5020	0
701.	Fichaud, Chris & Susan; Deshazer, Sandra	8000 Woodland Forest Drive Unit #11	The Woodlands	Texas	77381	0	0
702.	Fichaud, Chris & Susan; Deshazer, Sandra	26400 Kuykendahl Road Suite A280	The Woodlands	Texas	77389	281-607-2483	1
703.	Martin, Debi & Todd	2003 East Highway 114, Unit 390	Trophy Club	Texas	76262	817-502-3619	0
704.	Pryor, Dennis; Williams, Justin & Kendra	8926 S Broadway Ave Suite 140	Tyler	Texas	75703	318-795-8700	0
705.	Grubbs, Jenifer; Holman, Jessica	6500 Woodway Dr. Suite 117	Waco	Texas	76712	254-261-1008	0
706.	Rivers, Jana	900 Cinema Drive	Weatherford	Texas	76087	817-752-3221	0
707.	McLaughlin, Matt	530 W 500 S Suite D	Bountiful	Utah	84010	801-317-1766	0
708.	McLaughlin, Matt	210 South Fort Lane, Suite 5	Layton	Utah	84041	801-923-3490	0
709.	McClure, Krista	1881 W. Traverse Parkway, Ste B	Lehi	Utah	84043	385-831-7077	3
710.	McLaughlin, Matt	1153 Center Drive #G109	Park City	Utah	84098	435-800-9904	0
711.	Jensen, Melinda; Osicki, Chris	1140 E. Brickyard Rd. #30	Salt Lake City	Utah	84106	801-939-2300	0
712.	Allison, Robert; Shumate, Taylor	2079 East 9400 South	Sandy	Utah	84093	385.800.3220	3
713.	Mullane, Molly & Chad	11531 South District Main Drive, Suite 1000	South Jordan	Utah	84095	801-637-8070	0
714.	Lee, Mindy	1725 Jamieson Avenue	Alexandria	Virginia	22314	571-223-7774	2

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
715.	Grams, Michael	1101 S. Joyce St., Suite B14	Arlington	Virginia	22202	571-429-4690	1
716.	Ask, Ryan	43670 Greenway Corporate Drive	Ashburn	Virginia	20147	703.828.0779	2
717.	Karickhoff, Julie	5765 Burke Center Parkway, Ste S	Burke	Virginia	22015	703-691- 5999	0
718.	Ullom, Caitlin	2140 Barracks Road	Charlottesville	Virginia	22903	434-202-4219	0
719.	Wehrkamp, Amy; Dunn, Ray	237 Hanbury Rd. East, Suite 12	Chesapeake	Virginia	23322	757-304-3101	0
720.	Richman , Matthew & Julianna	7325 Hancock Village Drive	Chesterfield	Virginia	23832	804-821-6969	0
721.	Lee, Mindy	4467 Market Commons Drive	Fairfax	Virginia	22033	703-646-1705	3
722.	Burleigh, Bryan	5454 Wyndham Forest Drive	Glen Allen	Virginia	23059	804-250-5170	0
723.	Grams, Michael	2535 John Milton Drive	Herndon	Virginia	20171	571-616-9090	0
724.	Ask, Ryan	623 Potomac Station Dr.	Leesburg	Virginia	20176	703-260-8397	0
725.	Portilla Romo, Carlos	8971 Ox Road Suite 100	Lorton	Virginia	22079	571-399-9373	0
726.	Celia, Joe; Betts, Durfee	12120 Jefferson Avenue, Suite A	Newport News	Virginia	23602	757-657-0687	0
727.	Ask, Ryan	47100 Community Plaza #130	Sterling	Virginia	20164	571-525-2282	0
728.	Celia, Joe; Betts, Durfee	5836 Harbour View Blvd Suite 350	Suffolk	Virginia	23435	757-630-3238	39
729.	Grams, Michael	1521 Boyd Pointe Way Suite B	Vienna	Virginia	22182	571-429-4890	0
730.	Wehrkamp, Amy; Dunn, Ray	2476 Nimmo Parkway, Suite 108	Virginia Beach	Virginia	23456	757-300-1200	0
731.	Wehrkamp, Amy; Dunn, Ray	1860 Laskin Road Suite 121	Virginia Beach	Virginia	23454	757-819-4001	0
732.	Celia, Joe; Betts, Durfee	4640 Casey Blvd Suite 110	Williamsburg	Virginia	23188	757-772-6316	39
733.	Renfroe, Danna & Joe	4130 Merchant Plaza	Woodbridge	Virginia	22192	571-646-5535	3
734.	Guttigoli, Sheetal & Smita	1910 132nd AVE NE, SUITE 8	Bellevue	Washington	98005	425-326-1926	0
735.	Gore, Usha & Mahesh	22833 Bothell Everett Highway, Suite #147	Bothell	Washington	98021	425-322-2007	0
736.	James, Liz & Rob	19215 SE 34th Street, Suite 108	Camas	Washington	98607	360-205-4708	0
737.	Shibale, Eddy	124 4th Ave South Ste 130	Kent	Washington	98032	253-277-8586	39
738.	Shah, Vishrut; Jani, Meghna	213 Park Lane	Kirkland	Washington	98033	425-588-8726	0
739.	Shibale, Eddy	23818 225th Ave SE, Suite 104	Maple Valley	Washington	98038	425-292-1220	8
740.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	2601 76th Ave SE	Mercer Island	Washington	98040	206-227 - 4343	0
741.	Schoffstall, Jeff & Jennifer	16310 Bothell -Everett Hwy, Suite D	Mill Creek	Washington	98012	425-230-4905	0
742.	Shibale, Eddy	13382 Newcastle Commons Dr	Newcastle	Washington	98059	253-499-2233	0

	Franchisee	Address	City	State	Zip Code	Phone	Remaining Development Rights Under ADA
743.	Guttigoli, Sheetal & Smita	15782 Redmond Way	Redmond	Washington	98052	425-200-4173	0
744.	Guttigoli, Sheetal & Smita; Motgi, Mayur	413 Fairview Ave N	Seattle	Washington	98109	206-294-5944	0
745.	Nicholson, Candi	124 Denny Way	Seattle	Washington	98109	206-661-7334	0
746.	Emerson, Jennifer & Rodney	9502 N Newport Hwy	Spokane	Washington	99218	509-939-9096	0
747.	Emerson, Jennifer & Rodney	2622 E 29th Ave	Spokane	Washington	99223	509-723-9025	8
748.	James, Liz & Rob	7901 NE 6th Ave., Suite 109	Vancouver	Washington	98665	360-836-0264	0
749.	Stanford, Jennifer & Mitchell	17301 W Capitol Drive	Brookfield	Wisconsin	53045	262-245-3117	3
750.	Demattia, Tanya	2623 Monroe St Suite 130	Madison	Wisconsin	53711	608-855-9132	0
751.	Demattia, Tanya	566 Junction Road	Madison	Wisconsin	53717	608-571-2313	39
752.	Rader, Karen; Bauers, Sheila	6300 W Mequon Rd	Mequon	Wisconsin	53092	414-939-3644	0
753.	Tsuchiyama, Elizabeth & Robert	340 N. Milwaukee St.	Milwaukee	Wisconsin	53202	414-553-9997	1
754.	Cato, Dalynn	1921 Silvernail Road, Unit D	Pewaukee	Wisconsin	53072	262-701-7047	2
755.	Demattia, Tanya	390 S Grand Ave	Sun Prairie	Wisconsin	53590	608-371-1901	0
756.	Tsuchiyama, Elizabeth & Robert	6929 W. North Ave.	Wauwatosa	Wisconsin	53213	414-395-1122	0

*Non-Traditional Studio located within a LA Fitness facility.

FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT YET OPEN AS OF DECEMBER 31, 2022

	Franchisee	City	State	Contact
1.	Wike, Samantha	Tuscaloosa County	Alabama	samantha.wike@clubpilates.com
2.	Maro, Cheryl & Louis	Anthem	Arizona	louis.maro@clubpilates.com
3.	Hansen, Peter	Phoenix	Arizona	peter.hansen@clubpilates.com
4.	Kathleen Wallace; Kyle Wallace	Prescott/Sedona/Tucson	Arizona	kyle.wallace@clubpilates.com
5.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	Anaheim	California	tim@riserventures.com
6.	Paper, Brian & Lindsay	Castro Valley	California	lindsay.paper@clubpilates.com
7.	Chan, Roger	Diamond Bar	California	roger.chan@clubpilates.com
8.	Rubin, Michael	Huntington Beach	California	mike.rubin@clubpilates.com
9.	Georges, Beth & Bill	Ladera Ranch	California	bill.georges@clubpilates.com
10.	Smith, Katie; Garcia, Heather	Lincoln	California	heather.garcia@clubpilates.com
11.	Casaw, Jeff	Los Angeles	California	jeff.casaw@clubpilates.com
12.	Wu, Carrie	Mountain View	California	carrie.wu@clubpilates.com
13.	Miller, Jerry & Melissa	Oakland	California	melissa.miller@clubpilates.com
14.	Sonya Samour	Palmdale	California	sonya.samour@clubpilates.com
15.	Casaw, Jeff & Andrea	Pasadena	California	andrea.casaw@clubpilates.com
16.	Castro, Savannah	Redondo	California	savannah.castro@clubpilates.com
17.	Smith, Katie; Garcia, Heather	Sacramento	California	heather.garcia@clubpilates.com
18.	Holmes, Adrian; Holmes, Brian	Sacramento	California	brian.holmes@clubpilates.com
19.	Dumaw Whitman, Arielle	San Diego	California	arielle.whitman@clubpilates.com
20.	Chandiok, Rahul	San Francisco	California	rahul.chandiok@clubpilates.com
21.	Hammett, Emily; Hammett, Tom; Alcala, Evelyn; Alcala, Hugo	San Rafael	California	evelyn.alcala@clubpilates.com
22.	Gorti, Jag	Santa Cruz	California	jagannath.gorti@clubpilates.com
23.	Davi, Jennifer & Robert	TBD	California	jennifer.davi@clubpilates.com
24.	Watson, Keely; Lombardi, Ed; Nash, Jeff; Nakagawa, Tim	Torrance	California	tim@riserventures.com
25.	Weisenfluh, Daniel & Zandra	Lake Palmer	Colorado	daniel.weisenfluh@clubpilates.com
26.	Noga-Sisto, Danielle	Danbury	Connecticut	danielle.nogasisto@clubpilates.com
27.	Ackerman, Scott	Greenwich	Connecticut	scott.ackerman@clubpilates.com
28.	Del Rosario, Arnold & Zarah	New Haven	Connecticut	arnold.delrosario@clubpilates.com
29.	Wright, Greg	Bear	Delaware	greg.wright@clubpilates.com
30.	Clivio, Tara	Cutler Bay	Florida	tara.clivio@clubpilates.com
31.	Schuck, David	Miami Beach - Midtown Miami area	Florida	david.schuck@clubpilates.com
32.	Mochon, Daniela; Rosentgberg, Horacio	Miami, FL	Florida	horacio.rosentgberg@yogasix.com
33.	Clivio, Tara	Miami-Dade	Florida	tara.clivio@clubpilates.com

	Franchisee	City	State	Contact
34.	Harper, Christina; Elgarresta, Ed	Miramar	Florida	ed.elgarresta@clubpilates.com
35.	Kilcullen, Peter; Keith, Gary	Palm Harbor	Florida	gary.keith@clubpilates.com
36.	Kilcullen, Peter; Keith, Gary	Sarasota	Florida	gary.keith@clubpilates.com
37.	Griffin, Catherine & Jim	South Tampa	Florida	jim.griffin@clubpilates.com
38.	Bethencourt, Michelle	St. Cloud	Florida	michelle.bethencourt@clubpilates.com
39.	Bryan, Larissa	Tallahassee	Florida	larissa.bryan@clubpilates.com
40.	Reid-King, Donnette	TBD	Florida	donnette.reidking@clubpilates.com
41.	Liz Maruca	Vero Beach	Florida	liz.maruca@clubpilates.com
42.	Halsey, Sallie; Spearman, Callie & Ashley	West Melbourne	Florida	callie.spearman@clubpilates.com
43.	Demattia, Tanya	Augusta	Georgia	tanya.demattia@clubpilates.com
44.	Brooke Wesley	Columbus	Georgia	Brooke.Wesley@clubpilates.com
45.	Ruggieri, Joe; Smith, Jon; Pelnik, Chris	Gainesville	Georgia	joe.ruggieri@clubpilates.com
46.	Harvey, Jillian & Jerome	Bonneville County	Idaho	jerome.harvey@clubpilates.com
47.	Brzezniak, Donna	Barrington HIlls	Illinois	donna.brzezniak@clubpilates.com
48.	Pinkston, Crystal; Calhoun, Sharon	Chicago, IL	Illinois	sharon.calhoun@yogasix.com
49.	Asbury, Janet	Glenview	Illinois	janet.asbury@clubpilates.com
50.	Beckley, Alexis & Matt	Gurney	Illinois	matthew.beckley@clubpilates.com
51.	London, Crystal & Larry	Orland Park	Illinois	larry.london@clubpilates.com
52.	Smith, Eric	Shorewood	Illinois	eric.smith@clubpilates.com
53.	Williams, Jamie & Todd	Avon	Indiana	todd.williams@clubpilates.com
54.	Stephens, Spencer; Stephens, Jarrah	Iowa City	Iowa	spencer.stephens@clubpilates.com
55.	Chad Alexander; Jody Alexander	Bowling Green	Kentucky	jody.alexander@clubpilates.com
56.	Greenhalgh, George; Pecha, Barry	Prospect	Kentucky	george.greenhalgh@clubpilates.com
57.	McNamara, Anne	Portland Maine	Maine	anne.mcnamara@clubpilates.com
58.	Julie Dorkan	Baltimore	Maryland	julie.dorkan@clubpilates.com
59.	Leary, Christine	Canton	Maryland	christine.leary@clubpilates.com
60.	Schuck, David	Boston	Massachusetts	david.schuck@clubpilates.com
61.	Matsunaka, Katie	Boston	Massachusetts	katie.matsunaka@clubpilates.com
62.	Matsunaka, Katie	Dedham	Massachusetts	katie.matsunaka@clubpilates.com
63.	Zeina Khansa; Abedelrahim Asfour	Detroit	Michigan	zeinakhansa@yahoo.com
64.	Steve Hyer	Detroit	Michigan	steve.hyer@clubpilates.com
65.	Vogel, Nick	Detroit	Michigan	nick.vogel@clubpilates.com
66.	Brian Sheridan	Michigan	Michigan	brian.sheridan@clubpilates.com
67.	Baydu, Sule	St. Louis	Missouri	sule.baydu@clubpilates.com
68.	Kruger, Christine	Lincoln	Nebraska	christine.krueger@clubpilates.com
69.	Froscheiser, Jay & Angelia	Papillion	Nebraska	jay.froscheiser@clubpilates.com
70.	Murali Talluri	Nashua	New Hampshire	murali.talluri@clubpilates.com
71.	Watkins, Farah	Eatontown	New Jersey	farah.watkins@clubpilates.com
72.	Suero, Shari	Egg Harbor Twp	New Jersey	shari.suero@clubpilates.com

	Franchisee	City	State	Contact
73.	Bright, Veronica, Nicki and Ron	Philadelphia	New Jersey	veronica.bright@clubpilates.com
74.	Laden, Gary	Totowa	New Jersey	gary.laden@clubpilates.com
75.	Kimel, Alex	Astoria TBD	New York	alex@clubpilates.com
76.	Arshad, Saam	Colonie	New York	saam.arshad@clubpilates.com
77.	Lo, David & Michelle	Manhasset	New York	michelle.lo@clubpilates.com
78.	Cavallo, Jason; Cavallo, Darin; Cavallo, Holly	Manhattan	New York	darin.cavallo@clubpilates.com
79.	Besteiro, Brenda	Poughkeepsie	New York	brenda.besteiro@clubpilates.com
80.	Watkins, Farah	Rutherford (formerly known as Montabello location)	New York	farah.watkins@clubpilates.com
81.	Uku, Richard	Staten Island	New York	richard.uku@clubpilates.com
82.	Grassi, Jim & Kristy	Suffolk County	New York	kristy.grassi@clubpilates.com
83.	Lynn Swenson	Syracuse	New York	lynn.swenson@clubpilates.com
84.	Chu, Isaac	TBD	New York	isaac.chu@clubpilates.com
85.	Jon Smith, Chris Pelnik, Joe Ruggieri	Atlanta	North Carolina	Jon.smith@clubpilates.com
86.	Wrightson, Art; Wrightson, Yuri	Charlotte, NC	North Carolina	yuri.wrightson@clubpilates.com
87.	Wrightson, Art; Wrightson, Yuri	Union County	North Carolina	yuri.wrightson@clubpilates.com
88.	Joe Mueller	Bismarck	North Dakota	joe.mueller@clubpilates.com
89.	Schuck, David	Medina-Cuyahoga	Ohio	david.schuck@clubpilates.com
90.	Clark, Curt and Victoria	Broken Arrow	Oklahoma	victoria.clark@clubpilates.com
91.	Obeng, Pete & Riyadh	Allentown	Pennsylvania	pete.obeng@clubpilates.com
92.	Rosner, David & Mayra	LAF Bensalem	Pennsylvania	mayra.rosner@clubpilates.com
93.	Parker, Trudy	Philadelphia	Pennsylvania	trudy.parker@clubpilates.com
94.	Craciun; Ion; Craciun, Christina	Reading	Pennsylvania	ion.craciun@clubpilates.com
95.	Garrett, Jim & Patty	Charleston	South Carolina	patty.garrett@clubpilates.com
96.	Parrott, Salem & Scott	Florence	South Carolina	salem.parrott@clubpilates.com
97.	Ullom, Caitlin	Spartanburg (Zip Codes: 29301/29302/29303/29306/29307)	South Carolina	caitlin.ullom@clubpilates.com
98.	Cropp, Kevin	Woodland Village/Spartenberg	South Carolina	kevin.cropp@clubpilates.com
99.	Jena Thompson	Nashville	Tennessee	jena.thompson@clubpilates.com
100.	Fielder, Tom	Nashville	Tennessee	tom.fielder@clubpilates.com
101.	Mueller, Christian & Stefanie	Boerne	Texas	christian.mueller@clubpilates.com
102.	Fichaud, Chris and Susan	Conroe	Texas	susan.fichaud@clubpilates.com
103.	Zeller, Laura	Corpus Christi	Texas	laura.zeller@clubpilates.com
104.	Becker, Lance & Sarah	Midlothian	Texas	lance.becker@clubpilates.com
105.	Schuck, David	Midtown	Texas	david.schuck@clubpilates.com
106.	Kellcy, Julia; Blevins, Brandi	San Marcos	Texas	julia.kellcy@clubpilates.com
107.	Jenkins, Angie & Benjamin	TBD	Texas	angie.jenkins@clubpilates.com
108.	Matthew McLaughlin	Ogden	Utah	matt.mclaughlin@clubpilates.com
109.	Matthew McLaughlin	Salt Lake City	Utah	matt.mclaughlin@clubpilates.com
110.	Jensen, Melinda; Osicki, Chris	Saratoga Springs	Utah	chris.osicki@clubpilates.com

	Franchisee	City	State	Contact
111.	Harper, Tammy	St. George	Utah	tammy.harper@clubpilates.com
112.	Hammerschmidt, Adam & Katie	Burlington	Vermont	katie.hammerschmidt@clubpilates.com
113.	Grams, Michael	Arlington	Virginia	michael.grams@clubpilates.com
114.	Chan, Joseph	Gainesville	Virginia	joseph.chan@clubpilates.com
115.	Richman , Matthew & Julianna	Richmond	Virginia	matthew.richman@clubpilates.com
116.	Trivedi, Radhika & Gaurang	Roanoke	Virginia	radhika.trivedi@clubpilates.com
117.	Thompson, Mitchell & Suzanne	Stafford	Virginia	mitchell.thompson@clubpilates.com
118.	Wehrkamp, Amy; Dunn, Ray	VA Beach	Virginia	amy.wehrkamp@clubpilates.com
119.	Grams, Michael	Vienna	Virginia	michael.grams@clubpilates.com
120.	Amory, April J. & Grubb, Kevin C.	Virginia Beach	Virginia	april.amory@clubpilates.com
121.	Ramapuram, Srivani and Mallepally, Srikanth Reddy	Winchester	Virginia	srikanth.mallepally@clubpilates.com
122.	Emerson, Jennifer & Rodney	Spokane	Washington	rodney.emerson@clubpilates.com
123.	Hoekman, Holly	Tacoma	Washington	holly.hoekman@clubpilates.com
124.	Hoekman, Holly	Tacoma	Washington	holly.hoekman@clubpilates.com
125.	Tina McLaughlin	West Seattle	Washington	tina.mclaughlin@clubpilates.com
126.	Davis, Martin; Stalek, Rebecca; Cavallo, Jason; Cavallo, Darin; Cavallo, Holly	Monongalia County	West Virginia	martin.davis@clubpilates.com

EXHIBIT J

LIST OF FRANCHISEES THAT LEFT THE SYSTEM OR NOT COMMUNICATED

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

LIST OF FRANCHISEES TERMINATED, CANCELED, NOT RENEWED OR FRANCHISEES WHO HAVE NOT COMMUNICATED IN PREVIOUS 10-WEEKS AS OF 12/31/2022

	Franchisee	City	State	Contact Information	
1.	Brazell, Lanie & Craig	Montgomery	Alabama	334-328-2465	Transfer
2.	Brazell, Lanie & Craig	Montgomery	Alabama	334-603-8055	Transfer
3.	Holligan, Natalie	Novato	California	415-761.1315	Transfer
4.	Campton, Lois	Petaluma	California	707-773-7732	Transfer
5.	Lance, Renata & Sean	Redwood City	California	650-779-7330	Transfer
6.	Lance, Renata & Sean	San Carlos	California	650-722-4710	Transfer
7.	Bloore, Ken; Drury, Allison	Ventura	California	805-856-4424	Transfer
8.	Cavanaugh, Mollie	Aurora	Colorado	303-339-0294	Transfer
9.	Cavanaugh, Mollie	Aurora	Colorado	720-325-1799	Transfer
10.	Doyle, Michele	Englewood	Colorado	720-699-8900	Transfer
11.	Easterly, Kevin	Greenwood Village	Colorado	720-546-2100	Transfer
12.	Easterly, Kevin	Lakewood	Colorado	720-789-1011	Transfer
13.	Easterly, Kevin	Littleton	Colorado	720.579.7285	Transfer
14.	Bosson, Cathy	Lone Tree	Colorado	720-458-8108	Transfer
15.	Boselli, Elizabeth	Thornton	Colorado	720-297-2584	Transfer
16.	Boselli, Elizabeth	Thornton	Colorado	720-441-4559	Transfer
17.	Fay, Kevin & Jenny	Fairfield	Connecticut	203-659-0090	Transfer
18.	Kennedy, Kelly	Boca Raton	Florida	561-826-4284	Transfer
19.	Kennedy, Kelly	Boca Raton	Florida	561.717.2120	Transfer
20.	Kennedy, Kelly	Delray Beach	Florida	561-599-5011	Transfer
21.	Wance, Felipe; Puppin, Adriana	Delray Beach	Florida	954-608-1347	Transfer
22.	Sackett, Jamie	Doral	Florida	786-233-5187	Transfer
23.	Morais, Guilherme; Cazzani, Fabiana; Araldi , Kelly ; Morais, Daniel; Dorat, Marine	Fort Lauderdale	Florida	954-237-3737	Transfer
24.	Gleichowski, Rose; Gleichowski, Ryan; DiBlasi , Mike ; DiBlasi, Alissa;	Gainesville	Florida	352-559-3144	Transfer
25.	Peck, Tania; Gutierrez, Maria Isabel	Miami	Florida	786.509.9831	Transfer
26.	Peck, Tania; Gutierrez, Maria Isabel	South Miami	Florida	786-577-9651	Transfer
27.	Maddocks, Alan & Teresa	Sunrise	Florida	954-882.9887	Transfer
28.	Little, Stephanie	Marietta	Georgia	678.647.6220	Transfer
29.	Prizzi, Donna ; Jensen, Teresa	Cedar Rapids	Iowa	319-329-7929	Transfer
30.	Cutchall, Laura	Annapolis	Maryland	240-324-7474	Transfer
31.	Cutchall, Laura	Crofton	Maryland	240-847-4441	Transfer

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

	Franchisee	City	State	Contact Information	
32.	Swingler, Kevin & Yogini	Olney	Maryland	240-763-0729	Transfer
33.	Cutchall, Laura	Severna Park	Maryland	410-648-4400	Transfer
34.	Trauzzi, Chris; Hard, Marjie	Burlington	Massachusetts	781-300-7525	Transfer
35.	Trauzzi, Chris; Hard, Marjie	Lynnfield	Massachusetts	781-342-0401	Transfer
36.	Miller, Tammy; Rizzo, Mike	Somerville	Massachusetts	857-997-2580	Transfer
37.	Lazenby, Soosie; Spowart, George	Wellesley	Massachusetts	339-217-0172	Transfer
38.	Schade/LaRondelle, Andrea	Chesterfield	Missouri	636-556-0526	Transfer
39.	Schade/LaRondelle, Andrea	Creve Coeur	Missouri	314-736-4102	Transfer
40.	Schade/LaRondelle, Andrea	St Louis	Missouri	314-551-2126	Transfer
41.	Devers, Jennifer	Wentzville	Missouri	636-887-0019	Transfer
42.	Geritz, John & Terri	Greenville	North Carolina	252-652-3206	Transfer
43.	Sapitro, Diane & Jim	Broadview Heights	Ohio	440-397-0050	Transfer
44.	Gage, Anita	Chagrin Falls	Ohio	440-804-5110	Transfer
45.	Sapitro, Diane & Jim	Fairlawn	Ohio	330-920-0020	Transfer
46.	Gage, Anita	Hudson	Ohio	330-475-7771	Transfer
47.	Gage, Anita	Orange	Ohio	440-703-6077	Transfer
48.	Gage, Anita	Solon	Ohio	440-201-7064	Transfer
49.	Sapitro, Diane & Jim	Westlake	Ohio	440-665-7941	Transfer
50.	Wynkoop, Dan & Debra	Beaverton	Oregon	503-605-1453	Transfer
51.	Sander, Misty & Scott	Beaverton	Oregon	503-430-0693	Transfer
52.	Koeplin, David & Kristin	Bend	Oregon	541.410-1183	Transfer
53.	Wynkoop, Dan & Debra	Lake Oswego	Oregon	503-822-5473	Transfer
54.	Sander, Misty & Scott	Portland	Oregon	971.249.8555	Transfer
55.	Wynkoop, Dan & Debra	Sherwood	Oregon	503-352-4543	Transfer
56.	Patterson, John; Cole, Daniel	Greenville	South Carolina	864-469-2330	Transfer
57.	Patterson, John; Cole, Daniel	Greenville	South Carolina	864-469-2330	Transfer
58.	Safranski, Michael & Tricia	Sioux Falls	South Dakota	605.681.6556	Transfer
59.	Mullins, John	Garland	Texas	469-718-7850	Transfer
60.	Martinez, Susan	Lakeway	Texas	575.937.0479	Transfer
61.	Mullins, John	Murphy	Texas	214-235-2931	Transfer
62.	Mullins, John	Rowlett	Texas	214-235-3582	Transfer
63.	Lotze, Cristine; Tavares, Stephen; Schettgen, Marvin	Charlottesville	Virginia	434-202-4219	Transfer
64.	Adams, Nicole Nikki)	Kent	Washington	253-277-8586	Transfer
65.	Camps, Michelle	Maple Valley	Washington	425-292-1220	Transfer
66.	Shah, Vishrut; Jani, Meghna	Mercer Island	Washington	206-227 - 4343	Transfer
67.	Adams, Nicole Nikki)	Newcastle	Washington	253-499-2233	Transfer
68.	Baldwin, Erika & Nathan	Madison	Wisconsin	608-855-9132	Transfer

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

	Franchisee	City	State	Contact Information	
69.	Baldwin, Erika & Nathan	Madison	Wisconsin	608-571-2313	Transfer
70.	Sinnen, Megan & Deutmeyer, Marianela	Mequon	Wisconsin	414-939-3644	Transfer
71.	Baldwin, Erika & Nathan	Sun Prairie	Wisconsin	608-371-1901	Transfer

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

EXHIBIT K

AREA DEVELOPMENT AGREEMENT

CLUB PILATES FRANCHISE SPV, LLC

AREA DEVELOPMENT AGREEMENT

DEVELOPER

_____

_____

DATE OF AGREEMENT

TABLE OF CONTENTS

1. OWNERSHIP; PRINCIPALS 1

2. GRANT OF DEVELOPMENT RIGHTS 2

A. Grant and Term. 2

B. Development Area; Reservation Of Rights 2

C. Development Schedule 2

D. Locating Sites for Studios 3

E. Execution of Franchise Agreements 3

3. STUDIO CLOSINGS 4

4. DEVELOPMENT FEE 4

5. NO LICENSE TO THE MARKS 4

6. COVENANTS REGARDING COMPETITIVE ACTIVITIES 4

A. Noncompetition Restrictions 4

B. Enforcement of Covenants. 5

7. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION 5

A. Independent Contractor 5

B. Indemnification 5

8. TERMINATION 6

A. Termination of Franchise by Franchisor 6

B. Cross-Default 7

C. Obligations of Developer upon Termination or Expiration 7

9. TRANSFER OF INTEREST 7

A. By Franchisor 7

B. By Developer and its Owners 7

C. Conditions for Approval of Transfer 8

D. Right of First Refusal 8

10. DEVELOPER'S RECORDS AND REPORTS 8

11. NOTICES AND PAYMENTS 9

12. RESOLUTION OF DISPUTES 9

A. Governing Law 9

B. Internal Dispute Resolution 9

C. Mediation 9

D. Mandatory Binding Arbitration 10

E. Other Proceedings (Right to Injunctive Relief) 11

F. Choice of Forum. 11

G. Waiver of Punitive Damages 11

H. Waiver of Jury Trial 12

I. Waiver of Class Actions 12

J. Attorneys' Fees and Costs 12

K. Limitation of Actions 12

L. Third Party Beneficiaries 12

13. MISCELLANEOUS PROVISIONS 13

A. Severability 13
B. Waiver and Delay 13
C. Franchisor's Discretion 13
D. Developer's Responsibility 13
E. No Recourse Against Nonparty Affiliates 13
F. Non-Disparagement 13

14. ENTIRE AGREEMENT 14

EXHIBITS

EXHIBIT A Ownership Interests; Development Area; Development Schedule; and Other Agreement Terms

EXHIBIT B Guarantee, Indemnification, and Acknowledgment

CLUB PILATES FRANCHISE SPV, LLC
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is made effective as of the Effective Date by and between **CLUB PILATES FRANCHISE SPV, LLC**, a Delaware limited liability company with its principal business address at 17877 Von Karman Ave., Suite 100 Irvine, CA 92614 ("Franchisor"), and the person or entity identified as the "Developer" in the signature blocks below ("Developer"). The Effective Date is the date Franchisor signs this Agreement as shown beneath its signature hereto.

RECITALS:

WHEREAS, Franchisor owns, administers and grants franchises for a system of fitness studios (the "Studios") that are currently identified by and use the trademark "Club Pilates" and other related trademarks and service marks designated from time to time by Franchisor (the "Marks"), that reflect distinctive interior design and display procedures, and color scheme and décor (the "Trade Dress"), and that use certain of Franchisor's intellectual property including trade secrets, copyrights, confidential and proprietary information, and designated training and exercise methods and know-how, fitness equipment, furniture and fixtures, marketing, advertising and sales promotions, cost controls, accounting and reporting procedures, and personnel management systems (together with the Marks and Trade Dress, the "System"). Studios offer specialized instruction and related services that Franchisor authorizes from time to time and offer and sell certain merchandise and other products Franchisor authorizes for sale from time to time.

WHEREAS, based on Developer's own investigation and diligence, Developer has requested that Franchisor grant Developer the right to acquire multiple franchises (each a "Franchise") for the development and operation of Studios (the "Development Rights") in a defined geographic area (the "Development Area") pursuant to an agreed upon schedule (the "Development Schedule") set forth in this Agreement and, to support Developer's request, Developer and, if applicable, its owners have provided Franchisor with certain information about its and their background, experience, skills, financial condition and resources (collectively, the "Application Materials"). In reliance on, among other things, the Application Materials, Franchisor is willing to grant Developer the Development Rights on the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of and reliance on the foregoing Recitals (which are incorporated herein by reference), the agreements described below, and other valuable consideration, receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. OWNERSHIP; PRINCIPALS

If Developer is not a natural person (a "Business Entity"), Developer agrees, represents and warrants to Franchisor that: (1) it was validly formed and is and will maintain, throughout the Term (defined in Section 2.A below), its existence and good standing under the laws of the state of its formation and qualified to do business in the jurisdictions covered by the Development Area; (2) Exhibit A to this Agreement describes all of Developer's owners and their interests in Developer as of the Effective Date; (3) each of Developer's owners that has direct or indirect ownership of at least 10% of the ownership interests in Developer (each a "Principal"), and their spouse, will sign and deliver to Franchisor its then-standard form of Guarantee, Indemnification, and Acknowledgment (the "Guaranty"), the current form of which is attached as Exhibit B hereto; (4) the only business Developer will own or operate during the Term will be the exercise of the rights granted to it under this Agreement and any other agreement between it and Franchisor or its successors and assigns; and (5) at Franchisor's request, Developer will furnish Franchisor true and correct copies of all documents regarding Developer's formation, existence, standing, and governance.

2. GRANT OF DEVELOPMENT RIGHTS

A. **Grant and Term.** Franchisor grants Developer the Development Rights, which must be exercised in strict compliance with this Agreement. The Development Rights may be exercised from the Effective Date and, unless sooner terminated as provided herein, continuing through the earlier of (1) the date on which the last Studio, which is required to be opened in order to satisfy the Development Schedule, opens for regular business, or (2) the last day of the last Development Period (defined in Section 2.C) (collectively, the "Term"). Developer accepts the grant of the Development Rights and agrees to, at all times, faithfully, honestly, and diligently perform its obligations under this Agreement and fully exploit the Development Rights during the Term and throughout the entire Development Area. Developer may not subcontract or delegate to any third parties any of its rights or obligations under this Agreement.

B. **Development Area; Reservation Of Rights**. The Development Rights may only be exercised for Studios to be located in the Development Area identified on Exhibit A hereto. As long as Developer is in compliance with this Agreement and except with respect to Non-Traditional Locations (defined below), Franchisor will not, during the Term, (1) operate, or grant the right to anyone else to operate, a Studio within the Development Area, or (2) grant Development Rights to anyone else to develop Studios within the Development Area. A "Non-Traditional Location" is (a) any location that is situated within or as part of a larger venue or facility and, as a result, is likely to draw the predominance of its customers from those persons who are using or attending events in the larger venue or facility (for example, "big box" gyms and/or fitness facilities, cruise ships, military bases, shopping malls, airports, sports facilities and stadiums, industrial or office complexes, hotels, train stations and other transportation facilities, travel plazas, casinos, hospitals, theme parks, convention centers, colleges/universities, multi-unit residential properties, and other similar captive market locations**)**.

For the avoidance of doubt, Franchisor reserves for itself and its affiliates all rights not expressly granted to Developer in this Agreement and the right to do all things that Franchisor does not expressly agree in this Agreement not to do, in each case, without regard to proximity to the Development Area and without any compensation to Developer, and on such terms and conditions as Franchisor deems appropriate. Without limitation, Franchisor and its affiliates may, themselves or through authorized third parties (and Developer is not granted the right to): (a) open and operate, and license third parties the right to open or operate, Studios utilizing the Marks and System outside the Development Area; (b) market, offer and sell products and services similar to those offered by Studios (such as private label products that Franchisor may develop and training programs) under a different trademark or trademarks at any location, both within or outside the Development Area; (c) use the Marks and System, as well as any other marks Franchisor may designate, to distribute products and services through alternate channels of distribution, including without limitation, via the Internet and other e-commerce channels, catalog sales, direct mail or wholesale, anywhere either within or outside the Development Area; (d) acquire, or be acquired by, or merge with, any company, including a company operating or licensing one or more businesses offering products or services similar to those offered by any Studio located within or outside the Development Area, and subsequently operate (or license a third-party the right to operate) these businesses and allow them to incorporate certain elements of the System (excluding the Marks and Trade Dress) regardless of location; (e) develop or become associated with and engage in other businesses, including other fitness concepts and systems, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Development Area; (f) use the Marks and System, and license others to use the Marks and System, to engage in any other activities not expressly prohibited by this Agreement; and (g) open and operate, or license third parties the right to open or operate, Studios at Non-Traditional Locations both within and outside the Development Area.

C. **Development Schedule**. The Development Schedule is set forth on Exhibit A hereto. Each period described in the Development Schedule is a "Development Period." Developer (or its approved

affiliate) must open and operate Studios in the Development Area, each pursuant to a written franchise agreement and related agreements signed by Franchisor and a franchisee (each a "Franchise Agreement"), as necessary to satisfy the requirements of each Development Period, but Developer shall not be required to open, in total, more than the cumulative number of Studios shown for the last Development Period. The Development Schedule is not a representation (express or implied) by Franchisor that the Development Area can support, or that there are or will be sufficient sites for, the number of Studios specified in the Development Schedule or during any particular Development Period. Franchisor is relying on Developer's knowledge and expertise of the Development Area and Developer's representation that it has conducted its own independent investigation and has determined that it can satisfy the development obligations under each Development Period of the Development Schedule.

Notwithstanding anything contained in this Section, Franchisor will provide Developer with a one-time reasonable extension of time not to exceed 90 days to comply with its development obligations in any one of the Development Period as set forth in the Development Schedule (see Exhibit A), provided: (i) Developer has already executed a lease for, or otherwise obtained, a Site (defined in Section 2.D below) that Franchisor approves for any Studio(s) it is required to open and operate during that Development Period; and (ii) Developer notifies Franchisor of its need for such an extension no less than 30 days prior to expiration of that Development Period. The parties agree and acknowledge that Franchisor's grant of this one-time extension under this Section will not extend, modify or otherwise affect the expiration of any of Developer's subsequent Development Periods or subsequent development obligations.

D. **Locating Sites for Studios**. Despite any assistance Franchisor may provide, Developer is entirely responsible to locate and present to Franchisor proposed sites for Studios in the Development Area as necessary to comply with the Development Schedule (each a "Site"). Developer agrees to give Franchisor all information and materials it requests to assess each proposed Site as well as Developer's and its proposed affiliate's financial and operational ability to develop and operate a Studio at the proposed Site. Franchisor has the absolute right to reject any site or any affiliate (a) that does not meet Franchisor's criteria or (b) if Developer or its affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to this Agreement or operating its or their Studios in compliance with the mandatory specifications, standards, operating procedures and rules that Franchisor periodically prescribes for operating Studios. Franchisor agrees to use its reasonable efforts to review and evaluate the proposed Sites within 30 days after it receives all requested information and materials. If Franchisor accepts a proposed Site, Developer (or its approved affiliate) must timely sign a separate Franchise Agreement for the Site as described in Section 2.E below.

E. **Execution of Franchise Agreements**. Simultaneously with the execution of this Agreement, Developer (or its approved affiliate) must sign and deliver to Franchisor a Franchise Agreement and related documents representing the first Franchise Developer is obligated to acquire under this Agreement. Developer (or its approved affiliate) must thereafter open and operate a Studio according to the terms of that Franchise Agreement. Thereafter, once Franchisor has accepted a Site, and prior to signing a lease or to otherwise securing possession of the Site, Developer (or its approved affiliate) must sign Franchisor's then-current form of Franchise Agreement and related documents, the terms of which, with the exceptions provided hereunder, may differ substantially from the terms contained in the form of Franchise Agreement Franchisor is using to grant Franchises on the Effective Date, except that the percentage of Gross Sales on which Royalty Fees is calculated will be the same as expressed in the first Franchise Agreement signed concurrently with the execution of this Agreement. Each Franchise Agreement will govern the development and operation of the Studio at the accepted Site identified therein. Franchisor may refuse to issue and enter into a Franchise Agreement if (a) in its sole discretion, it has not approved Developer's proposed affiliate, (b) Developer has not established to Franchisor's satisfaction that it has the operational and financial capacity to develop and operate the proposed Studio, (c) Developer and its affiliates are not then in compliance with any agreements to which they are a party with Franchisor or its

affiliates, (d) Developer or its affiliates have failed to pay any amounts owed to Franchisor or its affiliates during the preceding 12 months, or (e) Developer or its approved affiliates and their respective owners fail to sign and return to Franchisor the Franchise Agreement and all ancillary agreements and required fees within 15 days following Franchisor's delivery of the execution of copy of the Franchise Agreement to Developer or its approved affiliate.

3. STUDIO CLOSINGS

If, with Franchisor's permission, Developer (or its approved affiliate) permanently closes any of its Studios, the closed Studio will count toward satisfaction of the Development Schedule only if (a) as of the end of the Development Period in which the Studio closes, Developer and its affiliates are otherwise in compliance with this Agreement, all Franchise Agreements executed pursuant to this Agreement, and all other agreements with Franchisor or its affiliates, and (b) within nine (9) months after Franchisor grants its permission for the closed Studio to close, Developer (or its approved affiliate) develops and commences operation of a replacement Studio in compliance with an applicable Franchise Agreement. If, during the Term, Developer transfers a Studio in accordance with the transferred Studio's Franchise Agreement, the transferred Studio shall continue to be counted in determining Developer's compliance with the Development Schedule so long as it continues to be operated as a Studio. If, at any time, the transferred Studio ceases to be operated as a Studio, it will not count toward satisfaction of the Development Schedule.

4. DEVELOPMENT FEE

Concurrently with the execution of this Agreement, Developer must pay to Franchisor a nonrecurring and nonrefundable area development fee equal to the amount shown on Exhibit A hereto (the "Development Fee"). The Development Fee is deemed fully earned by Franchisor upon execution of this Agreement in consideration of lost development opportunities and is nonrefundable under any circumstances. For each Franchise Agreement applicable to the Studios Developer is required to open in satisfaction of the Development Schedule, Developer shall not be required to pay the initial franchise fee under each Franchise Agreement so long as Developer and its affiliates are in compliance with this Agreement and all other agreements with us, including each Franchise Agreement.

5. NO LICENSE TO THE MARKS

Notwithstanding any provision to the contrary under this Agreement, this Agreement does not grant Developer (or any of its affiliates) any right to use the Marks. The right to use the marks is granted only under Franchise Agreements. Developer (and its affiliates) may not use any Mark as part of any corporate or trade name or as its (or their) primary business name or with any prefix, suffix or other modifying words, terms, designs, symbols or in any modified forms.

6. COVENANTS REGARDING COMPETITIVE ACTIVITIES

A. **Noncompetition Restrictions.** Developer acknowledges that, under each Franchise Agreement executed pursuant to this Agreement, the Restricted Parties (as defined in the Franchise Agreements) are subject to certain restrictions and covenants regarding activities which are deemed competitive with those of Franchisor, including restrictions regarding Competing Businesses, as that term is defined in the Franchise Agreement (the "Noncompetition Restrictions"). Developer acknowledges and agrees that it and its owners are subject to, and will comply with, all of the Noncompetition Restrictions described in the Franchise Agreements, each of which is adopted herein as though copied in its entirety. Developer further agrees that, in addition to any obligations with respect to Noncompetition Restrictions under the Franchise Agreements, for two (2) years after the expiration or sooner termination of this Agreement or after Developer or an owner of Developer has assigned its interest in this Agreement or in

Developer (as applicable), the Restricted Parties or the transferring owner (as applicable) shall not own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to, lease/sublease space to, provide services to, or have any interest in or involvement with, any other Competing Business: (a) within the Development Area; (b) within 10 miles outside the boundaries of the Development Area, or (c) within a 10-mile radius of any Studio that is open, under lease or otherwise under development as of the date this Agreement expires or is terminated or, as to a transferring owner, the date of such transfer.

B. **Enforcement of Covenants.** Developer agrees that: (a) the restrictions contained and described in this Article 6 are reasonable and necessary to protect the legitimate interests of the System and Franchisor, (b) the existence of any claims it may have against Franchisor, whether or not arising out of this Agreement, shall not constitute a defense to the enforcement of the covenants in this Article 6, and (c) Developer's or any Restricted Party's violation of the terms of this Article 6 will cause irreparable injury to Franchisor for which no adequate remedy at law is available and that Franchisor shall be entitled, without bond (which requirement is hereby waived), to preliminary and permanent injunctive relief and damages, as well as an equitable accounting of all earnings, profits, and other benefits arising from such violation, which remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor shall be entitled. Developer shall pay all costs and expenses, including, without limitation, reasonable attorneys' fees, incurred by Franchisor in connection with the enforcement of this Article 6. If Developer or a Restricted Party violates any post-term or post-transfer restriction described in this Article 6, the restrictions contained herein shall remain in effect until two (2) years after Developer or such Restricted Party begins to comply with those restrictions. If Developer contests the enforcement of this Article 6 and enforcement is delayed pending litigation, and if Franchisor prevails, the period of non-competition shall be extended for an additional period equal to the period of time that enforcement of this Article 6 is delayed. Courts are authorized and directed to reduce the scope or duration (or both) of the provision(s) in issue solely to the extent necessary to render it enforceable and/or reasonable and to enforce the provision so revised. Franchisor may, in its discretion and upon written notice, reduce the scope of any covenant not to compete, or any portion thereof, without Developer's consent.

7. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

A. **Independent Contractor**. The only relationship between Franchisor and Developer created by this Agreement is that of independent contractor. The business conducted by Developer is completely separate and apart from any business that may be operated by Franchisor and nothing in this Agreement shall create a fiduciary relationship between them or constitute either party as agent, legal representative, subsidiary, joint venturer, partner, employee, servant or fiduciary of the other party for any purpose whatsoever. Developer is not an affiliate of Franchisor, and neither party shall have authority to act for the other in any manner to create any obligations or indebtedness that would be binding upon the other party. Neither party shall be in any way responsible for any acts and/or omissions of the other, its agents, servants or employees and no representation to anyone will be made by either party that would create an implied or apparent agency or other similar relationship by and between the parties.

B. **Indemnification**. Developer agrees to indemnify, defend and hold Franchisor, its owners, affiliates, successors and assigns, and the directors, officers, owners, managers, employees, servants, agents of each (collectively, the "Indemnitees"), harmless from and against any and all losses, damage, claims, demands, liabilities and causes of actions of every kind or character and nature, as well as costs and expenses incident thereto (including reasonable attorneys' fees and court costs), that are brought against any of the Indemnitees (collectively, the "Claims") that arise out of or are otherwise related to Developer's or an Indemnitee's (a) breach or attempted breach of, or misrepresentation under, this Agreement or in connection with the exercise of the Development Rights in any manner other than as authorized herein, (b) ownership, construction, development, management, or operation of any Studios that Developer or its

affiliates own, (c) gross negligence or intentional misconduct, and/or (d) alleging Developer's or its representatives' violation of Applicable Laws as set forth in Section 13.D below. Notwithstanding the foregoing, any Indemnitee may choose to engage counsel and defend against any such Claim and may require immediate reimbursement from the Developer of all expenses and fees incurred in connection with such defense. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. Indemnitees need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Developer under this Section. Any Indemnitee's failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that person may recover from Developer under this Section.

8. TERMINATION

A. **Termination of Franchise by Franchisor**. Franchisor may terminate this Agreement for any of the following reasons:

(1) *Termination Without Cure Opportunity*. Franchisor may terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure, effective immediately upon delivery of written notice, if:

(a) Developer has made any material misrepresentation or omission in the Application Materials or otherwise in connection with applying for the Development Rights or in acquiring the rights granted under any other agreement between Developer or its affiliates and Franchisor or any of Franchisor's affiliates;

(b) Developer experiences any of the following events: (i) it admits its inability, or is unable, to pay its debts as they become due or perform its obligations under this Agreement, (ii) it makes an assignment for the benefit of creditors, (iii) it files a petition in bankruptcy, or an involuntary petition in bankruptcy is filed against it, (iv) a receiver is appointed for its business, (v) a final judgment against it remains unsatisfied or of record for at least 30 days, or (vi) it is dissolved or liquidated;

(c) Developer fails to satisfy any requirement under the Development Schedule;

(d) Developer or any of its principal officers, directors, partners, managing members or owners who have signed a Guaranty is convicted of or pleads no contest to a felony or other crime or offense that, in Franchisor's reasonable opinion, adversely affects the reputation of the System or the goodwill associated with the Marks;

(e) Developer falsifies any financial reports, records, or other information required to be provided by Developer to Franchisor under this Agreement;

(f) A Restricted Party fails to comply with the Noncompetition Restrictions set forth in Article 6 herein;

(g) Developer or its owners make an unauthorized direct or indirect Transfer or attempted or purported Transfer; or

(h) Developer commits or suffers a default of: (i) a provision of this Agreement within six (6) months following a previous violation of the same provision, or (ii) its obligations under this Agreement on three (3) or more separate occasions within any 12-consecutive-month period, in

either case regardless of whether Franchisor notifies Developer of the defaults or the defaults are subsequently cured.

(2) *Termination with Cure Opportunity.* Franchisor may terminate this Agreement and all rights granted hereunder, effective immediately on delivery of written notice, if:

(a) Developer fails to obtain Franchisor's prior written approval or consent any time such approval or consent is required by this Agreement, fails to comply with any provision of this Agreement in respect of which Franchisor is not authorized, under Section 8.A(1) above, to terminate immediately, or fails to act in good faith in carrying out the terms of this Agreement and, in any case, does not correct such failure within 30 days after delivery of Franchisor's written notice of such failure; or

(b) Developer or its affiliates fail to pay when due any amount owing to Franchisor or its affiliates under this Agreement or any other agreement and does not correct such failure within 10 days after delivery of Franchisor's written notice.

B. **Cross-Default**. If there are now, or hereafter shall be, any other agreements in effect between Developer or any of its affiliates and Franchisor or any of its affiliates (including, without limitation, any Franchise Agreement), a default by Developer or any of its affiliates and/or owners under the terms and conditions of this Agreement or any other such agreement, shall at the option of Franchisor, constitute a default under this Agreement and all such other agreements.

C. **Obligations of Developer upon Termination or Expiration**. Immediately upon termination or expiration of this Agreement for any reason:

(1) All rights and privileges granted by Franchisor to Developer shall immediately cease and be null and void and of no further force and effect, and all such rights and privileges shall immediately revert to Franchisor; and

(2) Developer and the Restricted Parties shall comply with the Noncompetition Restrictions set forth in Article 6 of this Agreement and all other obligations that are triggered by or, either expressly or by their nature, are intended to survive the termination or expiration of this Agreement.

Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies, which Franchisor may have against Developer, whether under this Agreement or otherwise, for any reason whatsoever, whether such claims or rights arise before or after termination.

9. TRANSFER OF INTEREST

A. **By Franchisor**. Franchisor shall have the right, in its discretion, without the need for Developer's consent, to transfer, assign or delegate all or any part of its rights or obligations herein.

B. **By Developer and its Owners**. Franchisor is granting the Development Rights based on its assessment of the unique characteristics and capabilities of Developer and its owners to satisfy their obligations under this Agreement. All rights and interests of Developer arising from this Agreement are personal to Developer. Except as otherwise provided in this Article 9, Developer and its owners may not, without Franchisor's prior written consent, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, pledge or encumber this Agreement (or any direct or indirect interest in this Agreement), the Development Rights, or any direct or indirect ownership interest in Developer (each a "Transfer"). Any purported Transfer not conducted in accordance with this Article 9 shall be null and void.

C. **Conditions for Approval of Transfer**. Developer must provide Franchisor with all information or documents that Franchisor requests about the proposed Transfer, the transferee, and its owners. Franchisor will not unreasonably withhold its approval of a proposed Transfer, but Developer agrees that the failure to satisfy any of the following conditions shall be a reasonable basis for Franchisor to withhold or otherwise condition its consent to a proposed Transfer: (1) the Developer must not be in default of the Development Schedule, (2) the prospective transferee, in Franchisor's reasonable judgment, must be of good moral character and reputation, has no conflicting interests, has a good credit rating and sufficient and competent business experience, aptitude and financial resources acceptable to Franchisor (taking into consideration its then-current standards for Developers and any special resources required to comply with the obligations under this Agreement); (3) Developer must pay Franchisor a transfer fee of $10,000 (except in those cases set forth at the end of this Section where only an administrative fee is charged), as well as any applicable broker fees due in connection with the transaction; (4) Developer and its related parties must, pursuant to a form provided by Franchisor, provide a general release of all claims against Franchisor and its related parties; (5) the proposed transferor and transferee and their respective owners must execute Franchisor's form of consent to transfer pursuant to which, among other things and at Franchisor's option, either (i) transferee agrees to execute Franchisor's then-current form of area development agreement that will then govern the balance of the Term, or (ii) this Agreement is assigned to and assumed by the proposed transferee; (6) all monies owed, however arising, by Developer or its affiliates to Franchisor, its affiliates, and all suppliers must be paid; (7) there must not be an outstanding default of any provision of this Agreement or of any other agreement between Developer or its affiliates and Franchisor or its affiliates; and (8) at Franchisor's discretion, the Transfer of this Agreement must not be made separate and apart from the Transfer to the same transferee of all Franchise Agreements that were signed pursuant to this Agreement. If Developer is a natural person, instead of a transfer fee, as provided in clause (3) above, Developer shall pay, when requesting Franchisor's consent, an administrative fee of $500 if the proposed Transfer is to an entity that is wholly owned by Developer or $1,500 if the proposed Transfer is to a member of Developer's immediate family.

D. **Right of First Refusal**. If Developer or any of its owners desire to engage in a Transfer, they must receive a written bona fide offer from a third party, then promptly notify Franchisor in writing and send Franchisor an executed copy of the offer. Franchisor shall have the right and option, exercisable within 30 days after actual receipt of such notification and all information regarding the proposed Transfer requested by Franchisor, including copies of any signed contracts related to the proposed Transfer, to purchase the interests described in the written offer. Closing on the purchase must occur within 60 days from the date of notice by Franchisor to the Developer of Franchisor's election to purchase. If Franchisor elects not to accept the offer within the 30-day period, Developer must, subject to Section 9.C above, complete the Transfer described in the written offer within 60 days after the date on which Franchisor declines or is no longer entitled to elect to purchase the interests. Any material change in the terms of any offer before closing shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure of Franchisor to exercise the option afforded by this Section shall not constitute a waiver of any other provision of this Agreement. If the offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, Franchisor may elect to purchase the interest proposed to be sold for the reasonable cash equivalent, or any publicly traded securities, including its own, or intangible benefits similar to those being offered. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the offer, then such amount shall be determined by an independent appraiser designated by Franchisor, and his determination shall be binding.

10. DEVELOPER'S RECORDS AND REPORTS

Developer must keep accurate records concerning all transactions and written communications between Franchisor and Developer relating to its activities under this Agreement. Franchisor's duly

authorized representative has the right, following reasonable notice, at all reasonable hours of the day to examine all Developer's records with respect to the subject matter of this Agreement, and has full and free access to records for that purpose and for the purpose of making extracts. All records must be kept available for at least three (3) years after preparation. Developer must furnish to Franchisor monthly written reports regarding Developer's progress on its compliance with the Development Schedule and in satisfaction of its other obligations under this Agreement.

11. NOTICES AND PAYMENTS

All notices which the parties hereto may be required or permitted to give under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, postage paid, or by reliable overnight delivery service. Notices sent to Franchisor must be delivered to the address show in the opening paragraph of this Agreement, attention: President. Notices sent to Developer must be delivered to the address shown on Exhibit A hereto, to the attention of the person indicated on Exhibit A. A party may change its notice address at any time by written notice given to the other party as herein provided. Notices will be deemed delivered when actually delivered if delivered by hand, three (3) business days after postmark by the United States Postal Service if delivered by certified or registered mail, or the next business day after deposit with reliable overnight delivery service if delivered in that manner.

12. RESOLUTION OF DISPUTES

A. **Governing Law**. This Agreement is governed by the laws of the state of California without reference to this state's conflict of laws principles (subject to state law), except that: (i) any disputes or actions involving any Noncompetition Restrictions, including the interpretation and enforcement thereof, shall be governed by the law of the state where the Development Area is located; and (ii) any franchise-specific or franchise-applicable laws of California, including those related to pre-sale disclosure and the franchise relationship generally, will not apply to this Agreement or franchise awarded hereunder unless the awarding of said franchise meets all jurisdictional and other requirements to specifically fall within the scope of such California laws, regulations or statutes without reference to and independent of any reference to this choice of law provision.

B. **Internal Dispute Resolution.** Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's management and make every effort to resolve the dispute internally. Developer must exhaust this internal dispute resolution procedure before Developer may bring Developer's dispute before a third-party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

C. **Mediation**. At Franchisor's option, all claims or disputes between Developer or its owners and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Developer and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 12.B above, will be submitted first to mediation to take place at Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim

or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Developer will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (a) any federally protected intellectual property rights in the Marks or the System; (b) any Noncompetition Restrictions contained in this Agreement; and (c) any of Developer's payment obligations under this Agreement.

D. **Mandatory Binding Arbitration**. Except as provided in Section 12.E of this Agreement, Developer and Franchisor agree that all claims, disputes, suits, actions, controversies, or proceedings of any type whatsoever including any claim for equitable relief and/or where either party is acting as a "private attorney general," suing pursuant to a statutory claim or otherwise, between or involving Developer or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees), on the one hand, and Franchisor or any of its affiliates (and any of their its respective shareholders, officers, directors, agents, and employees), on the other hand, on whatever theory and/or facts based, and whether or not arising out of or related to: (i) this Agreement or any other agreement between Developer or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees); (ii) Franchisor's relationship with Developer; or (iii) the scope or validity of this Agreement or any other agreement between Developer or any of its affiliates (and any of their its respective owners, guarantors, affiliates, and employees) and Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which Franchisor and Developer acknowledge is to be determined by an arbitrator, not a court) (each, a "Claim") will be processed in the following manner:

(1) Developer and Franchisor each expressly waives all rights to any court proceeding, except as expressly provided in Section 12.E below.

(2) All Claims shall be submitted to and resolved by binding arbitration that will take place at Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) or another location that Franchisor designates, before the AAA and in accordance with AAA's then-current Commercial Arbitration Rules. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction. The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by Franchisor or its affiliates generic or otherwise invalid.

(3) Franchisor and Developer agree that any arbitration between Franchisor or any of its affiliates (and any of their respective shareholders, officers, directors, agents, and employees) and Developer or any of its affiliates (and any of their respective owners, guarantors, affiliates, and employees) may not be: (i) conducted on a class-wide basis, (ii) commenced, conducted or consolidated with any other arbitration proceeding, (iii) joined with any separate claim of an unaffiliated third-party, or (iv) brought on Developer's behalf by any association or agent, with all rights to do any of the foregoing being hereby waived.

(4) Franchisor and Developer agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. Franchisor and Developer further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Franchisor or Developer.

(5) This arbitration provision shall be deemed to be self-executing, and in the event either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

(6) In no event shall Franchisor be liable to Developer for punitive damages in any action arising out of or relating to this Agreement, or any breach, termination or cancellation hereof.

(7) Any arbitration proceeding involving this Agreement or the Development Rights generally, including all demands, other filings and evidence submitted in connection with such proceeding, must be kept strictly confidential by Developer and its representatives, unless Franchisor agrees otherwise in writing.

E. **Other Proceedings (Right to Injunctive Relief)**. Developer acknowledges and agrees that irreparable harm could be caused to Franchisor by Developer's violation of certain provisions of this Agreement and, as such, nothing in this Agreement, including the provisions of Section 12.D, bars Franchisor's right to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) the Noncompetition Restrictions; (ii) Developer's obligations on termination or expiration of this Agreement; (iii) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; and (iv) the prohibition of any act or omission by Developer or its employees that constitutes a violation of applicable law, threatens Franchisor's System or threatens other developers or franchisees of Franchisor. Developer's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Developer waives all damage claims if the injunction is wrongfully issued.

F. **Choice of Forum**.Subject to the obligation to arbitrate under Section 12.D above and the actions related to Section 12.E above, Franchisor and Developer acknowledge and agree that any action brought by either party (or any of their respective affiliates, owners, agents, guarantors or employees) against the other (or any of their respective affiliates, owners, agents, guarantors or employees) for the purpose of enforcing the terms and provisions of this Agreement shall be instituted solely in a state or federal court nearest to Franchisor's or, as applicable, Franchisor's successor's or assign's, then-current principal place of business (currently, Irvine, California) and that Developer (and its respective affiliates, owners, agents, guarantors or employees) irrevocably waive any objection they may have to the exclusive jurisdiction of or the exclusive venue in such court.

(2) If Developer (or any of its respective affiliates, owners, agents, guarantors or employees) institutes any arbitration or other legal proceedings in any venue or other court other than those specified, Developer shall assume all of Franchisor's costs in connection therewith, including, without limitation, reasonable attorney fees regardless of the outcome of such arbitration or legal proceedings.

G. **Waiver of Punitive Damages**. Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether

such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Developer's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the Term if it is terminated due to Developer's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

H. **Waiver of Jury Trial**. Franchisor and Developer hereby waive their right to trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or Developer's purchase from Franchisor of the Development Rights and/or any goods or services.

I. **Waiver of Class Actions**. Franchisor and Developer agree that all proceedings arising out of or related to this Agreement, or the Development Rights, will be conducted on an individual, not a class-wide basis, and that any proceeding between Developer, Developer's guarantors and Franchisor or its their respective affiliates, officers, owners, or employees may not be consolidated with any other proceeding between Franchisor and any other third-party.

J. **Attorneys' Fees and Costs.** The prevailing party in any action described in this Article 12 shall be entitled to recover reasonable compensation for preparation, investigation, court costs, arbitration costs (if applicable) and reasonable attorneys' and other professionals' fees (collectively, "Costs"), from the non-prevailing party as fixed by an arbitrator or court of competent jurisdiction. Separate and distinct from the right of a prevailing party to recover Costs pursuant to this Section 12.J, the prevailing party shall also be entitled to receive all Costs related to the enforcement of any arbitration award or judgment entered. Furthermore, the right to recover post-arbitration award and post judgment expenses, costs and attorneys' fees shall be severable and shall survive any award or judgment and shall not be deemed merged into such judgment.

K. **Limitation of Actions**. Developer agrees that no legal action or claim arising out of or under this Agreement may be asserted by Developer against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Developer becomes aware, or should have become aware after reasonable investigation, of facts or circumstances reasonably indicating that Developer may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. Developer hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

L. **Third Party Beneficiaries**. Franchisor's officers, directors, owners, agents and/or employees are third-party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Article 12, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by Developer.

13. MISCELLANEOUS PROVISIONS

A. **Severability.** Each provision of this Agreement, or any portion thereof, shall be considered severable and if any such provision is held by an arbitrator or by a court of competent jurisdiction to be unenforceable due to any applicable existing or future law or regulation, such portion shall not impair the operation of or have any effect upon, the remaining portions of this Agreement which will remain in full force and effect. No right or remedy conferred upon or reserved to Franchisor or Developer by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy**.**

B. **Waiver and Delay.** No failure, refusal or neglect of Franchisor to exercise any right, power, remedy or option reserved to it under this Agreement, or to insist upon strict compliance by Developer with any obligation, condition, specification, standard or operating procedure in this Agreement, shall constitute a waiver of any provision of this Agreement and the right of Franchisor to demand exact compliance with this Agreement, or to declare any subsequent breach or default or nullify the effectiveness of any provision of this Agreement. Subsequent acceptance by Franchisor of any payment(s) owed to it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement**.**

The following provision applies if Developer or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgement signed or agreed to by a Developer in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

C. **Franchisor's Discretion**. Except as otherwise specifically referenced herein, all acts, decisions, determinations, specifications, prescriptions, authorizations, approvals, consents and similar acts by Franchisor may be taken or exercised in the sole and absolute discretion of Franchisor, regardless of the impact upon Developer. Developer acknowledges and agrees that when Franchisor exercises its discretion or judgment, its decisions may be for the benefit of Franchisor or the System and may not be in the best interest of Developer as an individual area developer.

D. **Developer's Responsibility**. It is Developer's sole responsibility to conducts its business hereunder in compliance with all applicable federal, state and local laws and regulations ("Applicable Laws"). Developer acknowledges that nothing in this Agreement shall, or may be construed to, create any type of employer or joint employer relationship between (a) Developer or any of Developer's personnel, and (b) Franchisor in any matter.

E. **No Recourse Against Nonparty Affiliates.** Developer agrees that it will look only to Franchisor to perform under this Agreement. Franchisor's affiliates are not parties to this Agreement and have no obligations under it. Developer may not look to Franchisor's affiliates for performance. Developer agrees that Franchisor's and its affiliates' members, managers, owners, directors, officers, employees and agents shall not be personally liable or named as a party in any action between Franchisor or its affiliates and Developer or its affiliates or their respective owners**.**

F. **Non-Disparagement.** Developer agrees that it will not (and will use its best efforts to cause its current and former owners, officers, directors, principals, agents, partners, employees,

representatives, attorneys, spouses, affiliates, successors and assigns not to) (i) make any untrue or derogatory statements concerning Franchisor and its affiliates, as well as their present and former officers, employees, shareholders, directors, agents, attorneys, servants, representatives, successors and assigns; or (ii) undertake any act which would (a) subject the Marks to ridicule, scandal, reproach, scorn, or indignity, (b) negatively impact the goodwill of Franchisor or its affiliates, the Marks, the System, or any other brands owned or controlled by Franchisor or its affiliates, or (c) constitute an act of moral turpitude**.**

14. ENTIRE AGREEMENT

This Agreement, the documents referred to herein, and the exhibits hereto, constitute the entire and only agreement between the parties concerning the granting and awarding the Development Rights granted hereunder, and supersede all prior and contemporaneous agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties other than those set forth herein. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement does not alter other agreements between Franchisor or its affiliates and Developer or its affiliates. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Developer. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Faxed, scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[Signature Page Follows]

[signature page to Area Development Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below to be effective as of the Effective Date.

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
EFFECTIVE DATE: _____	Date: _____

EXHIBIT A
TO
AREA DEVELOPMENT AGREEMENT

1. **Name and Address of Developer**:

Developer Name: _____
Attention: _____
Address: _____
_____
Email Address: _____

2. **Form of Owner (check and complete one):**

___ Individual

___ Corporation ___ Limited Liability Company ___ Partnership

State Formed: _____ Date: _____

3. **Owners**. The following identifies the owner that Developer has designated as, and that Franchisor approves to be, the Operating Principal and lists the full name of each person who is one of Developer's owners (as defined in the Development Agreement), or an owner of one of Developer's owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	**Type / %-age of Interest**
Operating Principal:	_____	_____%
Other Owners:	_____	_____%
	_____	_____%

4. The **Development Fee** is _____

5. The **Development Area** is comprised of: _____
_____, as depicted on the map attached to this Exhibit. If the Development Area is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of the Development Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

6. The **Development Schedule** is as follows:

Expiration of Development Period	**Number of New Studios to be Opened During the Development Period**	**Number of Studios Open as of the End of the Development Period**

7. **Additional Terms or Modifications to This Agreement** (which terms, if any, will control any inconsistencies between the following and the terms in the body of this Agreement):

[insert as applicable]

CLUB PILATES FRANCHISE SPV, LLC, a Delaware limited liability company	**[NAME OF DEVELOPER]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Capacity: _____
Date: _____	Date: _____

MAP OF DEVELOPMENT AREA

EXHIBIT B TO DEVELOPMENT AGREEMENT

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGEMENT

For value received, and in consideration for, and as an inducement to Club Pilates Franchise SPV, LLC (the "Franchisor") to execute the Area Development Agreement (the "Development Agreement"), dated _____ _____, 20__ (the "Effective Date"), by and between Franchisor and _____ or his assignee, if a partnership, corporation or limited liability company is later formed (the "Developer"), the undersigned (each a "Guarantor"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Developer of each obligation undertaken by Developer under the terms of the Development Agreement.

Upon demand by Franchisor, Guarantor will immediately make each payment required of Developer under the Development Agreement. Guarantor hereby waives any right to require Franchisor to: (a) proceed against Developer for any payment required under the Development Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of Guarantor under this Guarantee, Indemnification and Acknowledgment (the "Guarantee"), Franchisor may, without notice to Guarantor, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust or compromise any claims against Developer.

Guarantor waives notice of amendment of the Development Agreement and notice of demand for payment by Developer and agrees to be bound by any and all such amendments and changes to the Development Agreement.

Guarantor hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees, reasonable costs of investigations, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Development Agreement, any amendment, or any other agreement executed by Developer referred to therein.

Guarantor hereby acknowledges and agrees to be individually bound by all obligations and covenants of Developer contained in the Development Agreement, including those related to non-competition.

If Guarantor is a business entity, retirement or investment account, or trust acknowledges and it agrees that if Developer (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

This Guarantee shall terminate upon the expiration or termination of the Development Agreement, except that this Guarantee shall continue in full force and effect with respect to all obligations and liabilities of Developer and Guarantor that arise from events that occurred on or before the effective date of such expiration or termination or that are triggered by or survive expiration or termination of the Development Agreement This Guarantee is binding upon each Guarantor and its respective estate, executors, administrators, heirs, beneficiaries, and successors in interest.

The validity of this Guarantee and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Developer, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Development Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guarantee, unless otherwise defined herein, shall have the same meaning as when used in the Development Agreement.

The provisions contained in Article 12 of the Development Agreement (Resolution of Disputes), including Section 12.A (Governing Law), Section 12.C (Mediation), Section 12.D (Mandatory Binding Arbitration), Section 12.F (Choice of Forum), and Section 12.J (Attorneys' Fees and Costs), are incorporated into this Guarantee by reference and shall govern this Guarantee and any disputes between the Guarantors and Franchisor. The Guarantors shall reimburse Franchisor for all costs and expenses it incurs in connection with enforcing the terms of this Guarantee.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the Effective Date.

GUARANTOR(S)	**SPOUSE(S)**
Name:_____ Sign: _____ Address: _____ _____ _____	Name:_____ Sign: _____ Address: _____ _____ _____
Name**:**_____ Sign: _____ Address: _____ _____ _____	Name**:**_____ Sign: _____ Address: _____ _____ _____

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

California	Pending
Hawaii	Pending
Illinois	Exempt
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	April 4, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPTS

RECEIPT
(OUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Club Pilates Franchise SPV, 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, Club Pilates Franchise SPV, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Club Pilates Franchise SPV, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit B.

Issuance Date: April 4, 2023

The franchisor is Club Pilates Franchise SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614 and at (513) 815-8467. The franchise seller for this offering is:

❑ _____	❑ _____	❑ _____	❑_____
17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467

See Exhibit B for Club Pilates Franchise SPV, LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated April 4, 2023 that included the following Exhibits:

Exhibit A-1	Franchise Agreement and Exhibits	Exhibit F	Form of General Release
Exhibit A-2	Non-Traditional Site Addendum	Exhibit G	State Specific Addenda
Exhibit B	List of State Agents for Service of Process and State Administrators	Exhibit H	List of Franchisees
Exhibit C	Financial Statements	Exhibit I	List of Franchisees That Left System
Exhibit D	Statement of Prospective Franchisee	Exhibit J	Development Agreement
Exhibit E	Table of Contents of Manual	Exhibit K	State Effective Dates
		Exhibit L	Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email to Club Pilates Franchise SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614. Email: salesinfo@xponential.com.

RECEIPT
(YOUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Club Pilates Franchise SPV, 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, Club Pilates Franchise SPV, LLC or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1st personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Under New York law, we must provide this disclosure document at the earlier of the 1st personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If Club Pilates Franchise SPV, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit B.

Issuance Date: April 4, 2023

The franchisor is Club Pilates Franchise SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614 and at (513) 815-8467. The franchise seller for this offering is:

❑ _____	❑ _____	❑ _____	❑_____
17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467	17877 Von Karman Avenue, Suite 100 Irvine, California 92614 (513) 815-8467

See Exhibit B for Club Pilates Franchise SPV, LLC's registered agents authorized to receive service of process.

I have received a disclosure document dated April 4, 2023 that included the following Exhibits:

Exhibit A-1	Franchise Agreement and Exhibits	Exhibit F	Form of General Release
Exhibit A-2	Non-Traditional Site Addendum	Exhibit G	State Specific Addenda
Exhibit B	List of State Agents for Service of Process and State Administrators	Exhibit H	List of Franchisees
Exhibit C	Financial Statements	Exhibit I	List of Franchisees That Left System
Exhibit D	Statement of Prospective Franchisee	Exhibit J	Development Agreement
Exhibit E	Table of Contents of Manual	Exhibit K	State Effective Dates
		Exhibit L	Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email to Club Pilates Franchise SPV, LLC, 17877 Von Karman Avenue, Suite 100, Irvine, California 92614. Email: salesinfo@xponential.com.