FRANCHISE DISCLOSURE DOCUMENT

Natural Pilates Franchise, LLC
A Wyoming Limited Liability Company
9903 Santa Monica Blvd, Box 619
Beverly Hills, CA 90212
(310) 623-9013
Franchise@naturalpilates.com
https://naturalpilates.com/

The franchise is the right to develop, own and operate a Natural Pilates® business offering an athletic niche approach to classical Pilates choreography with a focus on form and level-appropriate resistance to bring muscles through a full-body burn and create strength.

The total investment necessary to begin operation of a Natural Pilates franchise is $428,160 to $597,560. This includes $52,000 to $55,000 that must be paid to the franchisor or affiliate. We also offer the right to enter into a Multi-Unit Development Agreement under which you would be required to open an agreed upon number of businesses in accordance with an agreed upon schedule. The minimum commitment to enter into a Mult-Unit Development Agreement is two businesses, but the agreed upon number is typically between two and five. The total investment necessary to begin operation under a two-unit Multi-Unit Development Agreement (including the investment necessary for the first business) is $469,160 to $762,560. This includes $92,000 to $215,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Laura Wilson at 9903 Santa Monica Blvd, Box 619, Beverly Hills, CA 90212 and (310) 623-9013.

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 an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance date: November 8, 2024; as amended February 3, 2025

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.
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 D 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 Natural 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 franchisor 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 Natural Pilates franchisee?	Item 20 lists 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 the 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 E.

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 and multi-unit development agreement require you to resolve disputes with us by arbitration only in the state where our corporate headquarters are located (currently, California). Out of state arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate with us in the state where our corporate headquarters are located than in your home state.

2. **Short Operating History.** The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Financial Condition**. The Franchisor's financial condition, as reflected in its financial statements (see Item 21), call into question the Franchisor's financial ability to provide services and support to you.

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.

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Exhibits

A. State Addenda to Disclosure Document
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D. Financial Statements
E. State Administrators and Agents for Service of Process
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Item 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

In this disclosure document, "we", "us," or "our" refers to Natural Pilates Franchise, LLC. "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the Franchise Agreement's (defined below) provisions also will apply to your owners.

Us, Any Parents, and Certain Affiliates

We are a limited liability company formed in Wyoming on July 12, 2024. Our principal business address is 9903 Santa Monica Blvd, Box 619, Beverly Hills, CA 90212. We have no predecessors. We are a wholly owned subsidiary of our parent, Natural Pilates Holdings, LLC ("Parent"), a California limited liability company, which shares our principal address. Parent owns the trademarks and other intellectual property used in the operation of Natural Pilates Businesses and has granted us a license to use and sublicense their use to our franchisees and others. Parent also sells certain ancillary products to our franchisees that are used in the operation of their Natural Pilates Businesses.

We conduct business under, and intend to conduct business only under, our legal name "Natural Pilates." We do not operate businesses of the type being franchised, but as of the issuance date of this disclosure document, our affiliate companies operate five businesses of the type being franchised.

We began offering Natural Pilates business franchises on the date of this disclosure document, November 8, 2024. We do not have any other business activities. We have not offered franchises in other lines of business. Neither Parent nor any of our affiliates has offered franchises in this or any other lines of business.

Agents for Service of Process

Our agent for service of process in Wyoming is Registered Agents, Inc., 30 N Gould St, Ste R, Sheridan, WY 82801. Our agents for service of process in other states are disclosed in Exhibit E.

Information About Our Business and the Franchises Offered

We offer and grant franchises for the right to develop and operate a Natural Pilates-branded business (each a "Natural Pilates Business") using trademarks, services marks and logos designated by us (the "Marks"). Natural Pilates Businesses are part of a system we have created and developed that offers an athletic niche approach to classical Pilates choreography with detail and focus on form coupled with level-appropriate resistance to bring muscles to full-body burn creating strength, under the trade name Natural Pilates (the "System"). The System includes methods, procedures, plans, specifications, particular products and services, and other mandatory elements as we determine from time to time.

Natural Pilates Businesses range from 1,800 to 2,500 square feet of space and are tastefully and ergonomically designed. The space will house a small office/lobby area with a retail section and will have a studio loaded with specialty equipment and machines.

To acquire the franchise to develop, own and operate your Business, you will be required to sign our standard form of franchise agreement ("Franchise Agreement"), the current form of which is attached as Exhibit B to this disclosure document. The Franchise Agreement will allow you to develop, own and operate a single Natural Pilates Business ("your Business") only at an authorized location ("Location") that we approve by way of letter ("Location Acceptance Letter").

We may, in our discretion, offer you the right to enter into a multi-unit development agreement (a "MUDA") under which you would agree, according to an agreed-upon schedule (the "Development Schedule"), to acquire an agreed-upon number of franchises and open Natural Pilates Businesses within a specifically described and agreed upon geographic territory (the "Development Area"). Our current form of MUDA is attached as Exhibit C to this disclosure document. When you sign the MUDA, you will also sign your first Franchise Agreement on our current form. For each subsequent Franchise you acquire, you must sign our then-current form of Franchise Agreement, which may be materially different than the form we were using when you signed the MUDA.

Natural Pilates Businesses offer services and products to the general public throughout the year. The target market is health and wellness-minded adults. The market for fitness instruction services is highly competitive and well developed. Your competition may include other fitness studios, local gyms, and similar businesses that offer Pilates classes and instruction or that provide fitness services and products generally, including national and regional boutiques and big-box chains. You may also encounter competition from other Natural Pilates Businesses operated by us, our affiliates or other franchisees.

Laws 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 Business will be subject to various federal, state and local laws, and regulations affecting your 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 Business under the applicable laws of where your Business is located. Among other things, you will need to ensure that all music played by you or your authorized instructors at your Business is properly licensed for use in connection with the provision of the Approved Products and Services, or if permitted by us for any other purpose.

You should consult with a legal advisor about legal requirements that may apply to your Business.

Item 2
BUSINESS EXPERIENCE

Laura Wilson - Member. Laura Wilson has been the sole member of Parent since its formation in March 2024. She is based in Beverly Hills, California. She has also been the founder, managing member and/or chief executive officer of various of our affiliates since their formation and continues to act in those capacities, in Beverly Hills, California, for each as shown below:

Employer	Title	Start Date (month/year)
Natural Pilates & Bodyworks, LLC	Managing Member	January 2005
Natural Pilates-SilverLake, Inc	CEO/Founder	December 2015
Natural Pilates Brentwood, Inc.	CEO/Founder	May 2016
Natural Pilates West Hollywood, Inc.	CEO/Founder	April 2019
Natural Pilates TV, Inc.	CEO/Founder	March 2020
Natural Pilates, Inc.	CEO/Founder	May 2021
Natural Pilates New York City, Inc.	CEO/Founder	July 2022

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 Fee

When you sign your Franchise Agreement, you must pay us $45,000, in lump sum, as the initial franchise fee. This fee is uniformly imposed and is not refundable. If you sign a MUDA, the initial franchise fee for your 2nd and subsequent franchises is $40,000 each.

Inventory and Small Equipment

When you sign the Franchise Agreement, you will be required to purchase from our Parent some of your opening inventory, including small equipment, ankle weights, bands, Pilates balls, Pilates rings, and apparel. The total investment for these items is $7,000 to $10,000, depending on the amount of inventory or small equipment you elect to purchase, but prices are uniformly imposed per product and equipment item, and payments are non-refundable.

Multi-Unit Development

If you sign a MUDA, you will pay us, on execution of the agreement and in a lump sum, an amount equal to the full initial franchise fee for the 2nd and each subsequent franchise you agree to acquire in satisfaction of the Development Schedule. The initial franchise fee for your 2nd and each subsequent franchise you acquire under the MUDA is reduced to $40,000, so the fees you are required to pay us in connection with the MUDA are $40,000 times the number of Natural Pilates Business you agree to develop after the 1st one ($40,000 if you agree to develop two Natural Pilates Businesses, $80,000 if you agree to develop three Natural Pilates Businesses, $120,000 if you agree to develop four Natural Pilates Businesses, $160,000 if you agree to develop five Natural Pilates Businesses, and $40,000 for each additional Natural Pilates Business above five). We will apply the fee paid under the MUDA, in $40,000 increments, toward payment of the initial franchise fee due on your execution of each Franchise Agreement, after the 1st one, you or your affiliates sign in accordance with the MUDA. These fees are uniformly imposed and are not refundable.

Item 6
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty	7% of Gross Sales	Currently monthly, by the 15th day of each month	See Note 1 for definition of Gross Sales. We reserve the right to change the frequency and due date of your Royalty payments.
Brand Fund Contribution	1% of Gross Sales	Currently monthly, by the 15th day of each month	Paid at the same time and in the same manner as Royalty. Currently your contribution is 1% of Gross Sales. We may, at any time and on notice to you, adjust the amount of your Brand Fund Contribution, subject to the Required Marketing Cap. The Required Marketing Cap is 5% of Gross Sales and represents the aggregate amount that we can require you to contribute to the Brand Fund and spend on local marketing for your Business.

Type of Fee	Amount	Due Date	Remarks
Market Cooperative Contribution	As determined by co-op. Currently, none.	Currently monthly, by the 15th day of the following month	We may establish market advertising and promotional cooperative funds ("Marketing Cooperative") in any geographical areas. If we require you to participate in a Marketing Cooperative you must contribute a minimum of 1% of Gross Sales, the actual amount to be determined by majority vote of the Marketing Cooperative. Any location we or our affiliates own will have the same voting rights as our franchisees. We may control the collection of amounts owed to and payment of amounts owed by the Marketing Cooperative.
Replacement / Additional Training	Currently, $500 per day if held at a Natural Pilates Business owned by our affiliate or, if held elsewhere, $800 per day plus travel and related expenses of our representatives.	Prior to attending training	If you send a manager, studio lead, sales associates, or an employee to our training program after you open, we will charge our then-current training fee.
Third-Party Payment Program	Reimbursement of amounts owed to third parties plus an administrative fee of up to 10% of payment or invoiced amount	Varies	We reserve the right to collect amounts we determine you owe or are required to pay to third parties (including, for example, software subscription fees, amounts to mandate and approve vendors, and amounts necessary to resolve customer complaints) and to pay such third parties directly on your behalf. If we do so, you will reimburse us the amounts paid plus an administrative fee for that service.
Non-Compliance Fee	$500 per week	On demand	Required if your Business is not in compliance with our System Standards or the Franchise Agreement and you fail to correct the non-compliance after 30 days' notice. If assessed, the fee will continue to accrue until you correct the non-compliance.

Type of Fee	Amount	Due Date	Remarks
Late fee and interest	$100 plus interest on the unpaid amount	On demand	We may charge a late fee if you fail to make a required payment when due. Interest accrues on past-due amounts at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).
Insufficient funds fee	$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned or we are unable to draft amounts owed from your account because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, (currently $500 per day) plus our expenses.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Programming Fee	Currently, $150 per hour for new programming requests	On demand	If you suggest new programming for the training and class programs, we will review and research the program as a potential addition to the franchise model. We may charge this fee for the time spent analyzing a new class or program.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently $500, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your Business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Transfer fee	$10,000 plus any out-of-pocket costs we incur	When transfer occurs	Payable if you sell your Business or your owners transfer their ownership interests in you.

Type of Fee	Amount	Due Date	Remarks
Successor Franchise Fee	$10,000	At the time of acquisition of a successor franchise	If you qualify for and exercise your right to acquire a successor franchise when the initial term expires, you will pay us this fee in lieu of the initial franchise fee due under the successor franchise agreement.
Liquidated damages	An amount equal to the average Royalty fees and Brand Fund Contributions for the lesser of (i) 2 years or (ii) the remaining months of the franchise term.	On demand	Payable if we terminate your Franchise Agreement because of your default, or if you terminate the Franchise Agreement without the right to do so.
Technology Fee	Currently none, but we have the right, on notice, to charge our then-current Technology Fee.	On demand	We may require you to pay a technology fee to us for technology related services, which may include website or email services, help desk support, software, or website development, enterprise solutions, and other services associated with the computer and software used in your Business and/or any websites applicable to the System.
Indemnity	Our actual costs and losses from any legal action related to the operation of your Business.	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of the operation of your Business (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding (including arbitration), if we are the prevailing party.	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us or our affiliates. All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. Currently, all amounts owed to us under this Agreement are required to be paid by pre-authorized bank draft or, at our option, electronic wire transfer from your designated bank account, but we reserve the right to change the method of payment on notice to you.

Notes

1. "Gross Sales" is defined in the Franchise Agreement as the total dollar amount of all revenue generated through your Business for a given period, regardless of whether collected, including, but not limited to, payment for any services or products sold by you, whether for cash, credit, or barter. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by you and paid to the appropriate taxing authority, (iii) sales of used equipment in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). Gross Sales also includes the payments received from any insurer under business interruption coverages or which is otherwise intended to replace lost revenue of the Business as a result of a casualty or other event.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1)	$45,000	Check or wire transfer	Upon signing the Franchise Agreement	Us
Rent and Lease Security Deposit (see Note 2)	$14,000 - $35,000	Check	Upon signing lease	Landlord
Utilities (see Note 3)	$300 - $1,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements (see Note 4)	$75,000 - $125,000	Check	As incurred or when billed	Contractors
Market Introduction Plan (see Note 5)	$15,000 - $20,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment (see Note 6)	$165,000 - $205,000	Check, debit, and/or credit	As incurred	Our Affiliate; other vendors and suppliers
Studio Setup Cost (see Note 7)	$5,000 - $7,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Computer Systems (see Note 8)	$10,000 - $15,000	Check, debit, and/or credit	As incurred	Vendors and suppliers

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Insurance (see Note 9)	$300 - $3,000	Check	Upon ordering	Insurance company
Signage (see Note 10)	$5,000 - $10,000	Check, debit, and/or credit	Upon ordering	Vendor
Office and Cleaning Supplies (see Note 11)	$2,000 - $4,000	Check, debit, and/or credit	As incurred	Vendors
Inventory (see Note 12)	$7,000 - $10,000	Check, debit, and/or credit	Upon ordering	Our Affiliate
Licenses and Permits (see Note 13)	$1,000 - $2,000	Check	Upon application	Government
Professional Fees (see Note 14)	$5,000 - $8,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Travel, lodging and meals for initial training (see Note 15)	$3,560 - $7,560	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds and pre-opening payroll costs (for first 3 months) (see Note 16)	$75,000 - $100,000	Varies	Varies	Employees, suppliers, utilities
Total	$428,160 - $597,560			

YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	$428,160 - $597,560	Varies	Varies	Us, our Affiliate, and other vendors and suppliers
Additional initial franchise fees (see Note 18)	$40,000 - $160,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	$1,000 - $5,000	Check	As incurred	Vendors and suppliers
Total	$469,160 - $762,560			

None of the expenditures payable to us or our affiliates is refundable. Amounts owed to landlords and other third-party vendors are also likely not refundable but will be subject to your agreement with the appropriate vendor. Neither we nor any affiliates finance any part of your initial investment.

Notes

1. If you sign a MUDA, the initial franchise fee for the 2nd and each subsequent Franchise Agreement you sign pursuant to the MUDA will be reduced to $40,000.

2. This estimate assumes you will rent your Location and will pay the landlord one month rent plus a security deposit when you sign your lease. It assumes you are able to negotiate a "free rent" period for the time it takes to build out your Business and will not have to commence paying rent before your Business is ready to open. If you choose to purchase real estate instead of renting, your costs will be significantly different.

3. Your utility deposit will depend on your market, credit score and other factors related to your location. This range accounts for your opening payment to the gas, water and electric company.

4. This estimate is based on a typical 1,800 to 2,500 square foot Location for a Natural Pilates Business and will be impacted by the condition of the Location when you take possession, including, for example, the size and configuration of the premises; pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); the need for soundproofing; and the cost of materials and labor which may vary based on geography and location. You must adapt our prototypical plans and specifications for the construction and finish-out of your Business. You may be able to negotiate with the landlord for a tenant improvement allowance pursuant to which you would be entitled to be reimbursed for a portion of the costs of leasehold improvements, either through a direct payment when the improvements are completed or rent concessions for a period of time. That kind of allowance will be subject to the landlord's willingness to grant it.

5. The Market Introduction Plan is the advertising and expense associated with advertising and promoting the launch/opening of your Business. These costs are primarily advertising costs but may include costs paid to a marketing agency to execute the advertising campaign. This also includes the costs in connection with pre-opening sales activities and other initial launch promotional activities

6. This estimate includes the furniture and fixtures, design elements, and the equipment needed to open your Business and includes $2,000 which will be paid to our Parent. The majority of the investment in equipment will be paid upfront to Vendors. The estimate shown assumes you purchase the required equipment outright. Certain vendors may also have leasing programs that, if you elect to use them instead of purchasing the equipment, could lower your initial costs but will typically require you to pay more over the term of the lease. The balance of the investment range accounted for here is for additional small equipment and furniture needed to operate your Business.

7. This estimate is for a third-party service provider who will provide location opening oversight and support to open and establish your Business.

8. You must acquire a personal computer, iPad, music system for use in the operation of your Business. 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 your Business to be loaded onto your system. You will pay the third-party vendor directly for all fees associated with the use of the software. These costs are paid to suppliers, when incurred, before beginning your 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 six (6) surveillance cameras to be installed for use at your Business. You may be required to purchase the camera(s) and related accessories from a Vendor (see Item 8 of this disclosure document).

9. Insurance includes the cost of insurance necessary to operate your Business. The insurance coverage amounts of types of insurance are included in Item 8. A 10% down payment of the annual premium for general liability insurance costs is included in the low-end estimate, and the full annual premium is included in the high estimate. We also require worker's compensation and professional liability in an amount as required by your state law.

10. The signage includes both exterior and interior signage for promoting the brand and your Business. The cost of signage will depend on how much signage you have available at your location and the cost of installation in your market.

11. This includes the cost of basic office supplies and expenses needed to open your Business such as pens, paper and other basic office supplies.

12. These products consist primarily of specialty/proprietary products purchased from our Parent for Apparel, Ankle Weights, Bands, Pilates Balls, Pilates rings and more.

13. This includes the cost of the licensing and permitting needed to operate your Business in your market.

14. This includes the cost of your attorney and CPA and any other professional service providers who will help support you in establishing and opening your Business, including forming your entity, assistance in your lease negotiation, and legal review of and advice regarding your obligations under the Franchise Agreement.

15. We will provide an initial training program to six trainees, the cost of which is included in your initial franchise fee. For each additional person that you request we train, you must pay our then-current training fee. Our estimate includes travel, lodging, meals and wages expenses for your first six trainees. This estimate also includes third party training for CPR and training on the proper use of the AED; these costs may depend on your geographic location, the length of training, and other factors. There are additional ongoing training fees for the trainer certification. Your actual costs may vary depending on the distance you must travel and the accommodations you choose. The low end of our estimate assumes that the trainees are within driving distance of our training facility.

16. This includes other required expenses you will incur before operations begin and during the initial three months of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by your Business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Natural Pilates Business by our affiliate, and our general knowledge of the industry.

17. This estimate assumes you sign a MUDA for two to five franchises. The franchise fee for your first unit is counted in the "Estimated Initial Investment – Franchise Agreement" table. Your initial franchise fees are reduced to $40,000 for the second and each additional franchise. You will pay all franchise fees upon signing the MUDA.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Business either from us or our designee, from Vendors (defined below), or according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your Business Location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Addendum to Lease Agreement (attached to Franchise Agreement as Attachment 3).

B. Insurance. You must obtain the minimum insurance coverage as described in the Franchise Agreement and in our Brand Standards Manual from time to time, which includes (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of your Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $3,000,000 aggregate limit, (iv) Professional Liability Insurance coverage of $1,000,000, (v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, and (vi) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Products, inventory and equipment. You must market, offer, sell and provide at your Business all products and services that we designated from time to time and only those products and services that we approve from time to time (the "Approved Products and Services") in a manner that meets our System Standards. We will provide you with a list of our then-current Approved Products and Services, along with certain of their standards and specifications, as part of the Brand Standards Manual or otherwise in writing prior to the opening of your Business. We may update or modify this

list in writing at any time. If you wish to offer any product or service in your Business other than our Approved Products and Services or use any item in connection with your Business that does not meet our System Standards, you must first obtain our prior written approval as described more fully in this Item 8. You will purchase your inventory and some of your Pilates equipment from our Parent.

Us or our Affiliates as Supplier

We have the right to require you to purchase any goods, services, supplies, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Business ("Input"). Additionally, we have the right to require you to use any supplier, vendor, or distributor of Inputs that we have approved, in writing, to be used in the operation of your Business ("Vendors"), which may include us or our affiliates. We will provide you with a list of our Vendors in writing as part of the Brand Standards Manual or otherwise in writing, and we may update or modify this list as we deem appropriate. Currently, we have Vendors for the following items that you must purchase in connection with the establishment and/or operation of your Business: (i) accounting systems; (ii) marketing; (iii) computer and POS system; and (iv) software.

Ownership of Suppliers

Outside of your requirement to purchase equipment and inventory from our Parent, none of our officers own an interest in a Vendor or other supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved Vendors, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We typically provide you with our decision within 30 days after receipt of your request, but if we do not provide a decision within that period, the request is deemed to have been denied. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you or by updating our Brand Standards Manual.

Issuing Specifications and Standards

We may issue mandatory specifications, procedures, requirements and/or standards of the System that we may periodically prescribe for operating your Business ("System Standards"). We may issue new System Standards for any aspect of our brand system, or modify existing System Standards, at any time by revising our Brand Standards Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised System Standards only after thorough testing in our headquarters, in affiliate-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We and our affiliates may derive revenue from or based on purchases and leases by franchisees. Because we had no franchisees in 2023, neither we nor our affiliates derived revenue from franchisee purchases during the last fiscal year.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your Business are 50% to 80% of your total purchases and leases to establish your Business.

We estimate that the required purchases and leases of goods and services to operate your Business are 50% to 80% of your total purchases and leases of goods and services to operate your Business.

Payments by Designated Suppliers to Us

We and our affiliates may receive payments from the sale of goods or services to franchisees and may also receive payments or other consideration from Vendors and other suppliers based on the purchases by our franchisees of goods or services, the basis for which will typically be a dollar amount or percentage of the revenue derived by the Vendor. Currently our arrangements of this type include a 10% rebate and free equipment from the sale by certain Vendors of certain equipment to Natural Pilates Businesses.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We currently do, but are not required to, negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

Benefits Provided to You for Purchases

We do not provide any material benefit to you based on your purchase of particular goods or services, or your use of particular suppliers.

Item 9
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Franchise Agreement (FA): §§ 6.1, 6.2	Item 11

Obligation	Section in agreement	Disclosure document item
	Multi-Unit Development Agreement (MUDA): 2.D	
b. Pre-opening purchases/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Article 6 MUDA: Article 2	Items 5, 7, 8 and 11
d. Initial and ongoing training	FA: §§ 5.4, 6.4, 7.6 MUDA: Not Applicable	Items 5, 6, 8 and 11
e. Opening	FA: §§ 6.5, 6.6 MUDA: Article 2	Items 7, 8 and 11
f. Fees	FA: Article 4, §§ 5.5, 7.6, 7.8, 10.5, 11.2, 11.3, 15.2(i), MUDA: Article 3	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA: §§ 6.3, 6.5, 7.1, 7.3, 7.5, 7.7, 7.9 –7.13, 7.15, 7.22, 8.1, 9.1, 10.1, 10.2, 10.4, 11.1 MUDA: § 2.D	Items 8, 11 and 14
h. Trademarks and proprietary information	FA: Article 12, §§ 13.1, 14.4 MUDA: § 1.A	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	FA: §§ 7.3, 7.5, 7.8, 7.9, 7.10 MUDA: Not Applicable	Item 8
k. Territorial development and sales quotas	FA: Not applicable MUDA: §§ 2.C, 2.D, and Data Sheet	Item 12
l. Ongoing product/service purchases	FA: Article 8 MUDA: Not Applicable	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA: §§ 6.3, 7.12, 7.13 MUDA: Not Applicable	Items 6, 7 and 8

Obligation	Section in agreement	Disclosure document item
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: §§ 4.3, Article 9 MUDA: Not Applicable	Items 6, 7, 8 and 11
p. Indemnification	FA: Article 16 MUDA: § 8.B	Items 6 and 8
q. Owner's participation/management/staffing	FA: §§ 2.4 and 7.20 MUDA: § 1.B	Items 15
r. Records and reports	FA: Article 10 MUDA: § 4	Item 11
s. Inspections and audits	FA: §§ 10.2(c), 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Article 15 MUDA: Article 5	Items 6 and 17
u. Renewal	FA: § 3.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Article 13, §§ 14.3, 14.4 MUDA: Article 7	Item 17
w. Non-competition covenants	FA: § 13.2 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Article 17 MUDA: Article 9	Items 6 and 17
y. Other: Personal Guaranty	FA: § 2.5 MUDA: § 1.B	Items 15 and 17

Item 10
FINANCING

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

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

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

Our Pre-Opening Obligations

Before you open your Business:

A. *Your site.* We will provide you with our criteria for sites that we deem appropriate for Natural Pilates Businesses generally. You must assume all costs, liabilities, expenses and responsibility in connection with: (i) locating, obtaining and developing a premises for your Business; and (ii) constructing, equipping, remodeling and/or building out the premises for your Business, all in accordance with our System Standards. We will review and advise you regarding potential locations submitted by you. (Franchise Agreement - Section 5.4) If you sign a Multi-Unit Development Agreement, we will review sites you propose for the development of your Business and, at our discretion, accept the proposed site using our then-current standards and issue you a Franchise Agreement. (Development Agreement, Sections 2.D and 2.E)

B. *Constructing, remodeling, or decorating the premises*. We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans. (Franchise Agreement - Section 5.4)

C. *Hiring and training employees*. We will provide you with our suggested staffing levels (Franchise Agreement - Section 5.2), suggested guidelines for hiring employees (Franchise Agreement - Section 5.2), operational instructions in the Brand Standards Manual which you can use as part of training new employees (Franchise Agreement - Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you with a list of our specifications and Vendors for equipment, signs, fixtures, opening inventory, and supplies necessary to open your Business. (Section 5.4)

E. *Brand Standards Manual*. We will give you access to our Brand Standards Manual. (Franchise Agreement - Section 5.1)

F. *Initial Training Program.* We will conduct our initial and ongoing training programs (Franchise Agreement - Section 5.4).

G. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan. We will provide you with the slides, content and detail of what is to be done and how the marketing will be executed. (Franchise Agreement - Section 5.4)

H. *On-site opening support.* We will have a representative provide on-site support for one week in connection with your Business opening. (Franchise Agreement - Section 5.4)

Length of Time to Open

As of the issuance date of this disclosure document, we have not yet had any franchise openings but, based on the experience of our affiliates who have developed and opened Natural Pilates Businesses, we expect the typical length of time between signing the franchise agreement and the opening of your Business will be 4-6 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

Our Post-Opening Obligations

After you open your business:

A. *Hiring and training employees*. We will provide you with suggested guidance or information for hiring employees (Franchise Agreement - Section 5.2), and operational instructions in the Brand Standards Manual which you can use as part of training new employees (Franchise Agreement - Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

B. *Improving and developing your Business; resolving operating problems you encounter*. If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your Business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $500 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Franchise Agreement - Section 5.5)

D. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you with our recommended procedures for administration, bookkeeping, accounting, and inventory control (Franchise Agreement - Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our System.

E. *Brand Fund*. We will administer the Brand Fund (Franchise Agreement - Section 5.5). We are not required to audit the financial statements of the Brand Fund but will prepare an unaudited annual accounting of the collections and expenditures of the Brand Fund within 120 days of the close of our fiscal year and will provide the written accounting to you upon your written request. (Franchise Agreement - Section 9.3)

F. *Website*. We will maintain a website for the Natural Pilates brand, which will include your Business information and telephone number. (Franchise Agreement - Section 5.5)

We may also decide, where not prohibited by applicable law, to require fixed maximum or minimum prices for any products or services you offer in connection with your Business. (Franchise Agreement, Section 7.4).

Advertising

Our obligation. We will use the Brand Fund (described below) only for marketing and related purposes and costs, including our reasonable administrative costs. Media coverage is currently primarily local. We use outside vendors and consultants to produce advertising. We are not required

to spend any amount of advertising in the area or territory where any particular franchisee is located. We will maintain the brand website (which may be paid for by the Brand Fund). We have no other obligation to conduct advertising.

Your own advertising material. We require you to use one of our approved marketing vendors for advertising for any related to promoting the franchise brand. You are responsible for local marketing activities to attract members to your Business. 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. You must strictly follow the social media guidelines, codes of conduct, and etiquette as set forth in the Brand Standards Manual regarding social media activities. Any use of social media by you pertaining to your Business 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 your Business that does not comply with the Franchise Agreement or the Brand Standards Manual.

Advertising council. We do not currently have an advertising council composed of franchisees, but we reserve the right to establish one which will be advisory only.

Local or Regional Advertising Cooperatives. We do not currently have any local or regional advertising cooperatives, but we reserve the right to form them and require you to participate in the cooperatives that encompass the area in which your Business is located. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per Natural Pilates Business (unless the franchisee is in default under its franchise agreement). If our or our affiliates' own outlets as members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Any cooperatives we establish will prepare annual unaudited financial statements which will be made available for review only by us and by the members of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Brand Fund. You and all other franchisees must contribute to our Brand Fund. Your Brand Fund contribution is currently 1% of your Business's Gross Sales per month, however, we have the right, at any time and on notice to you, to change your Brand Fund Contribution subject to the Required Marketing Cap. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we and our affiliates own are not obligated to contribute to the Brand Fund. We administer the Brand Fund. The Brand Fund is not audited. We will make an unaudited annual accounting of the collections and expenditures of the Brand Fund available to you upon request.

Because we are a new franchisor, we did not collect or spend any Brand Fund Contributions in our most recently concluded fiscal year.

If less than all Brand Funds are spent in the fiscal year in which they accrue, the money will remain in the Brand Fund to be spent in the next year.

No money from the Brand Fund is spent principally to solicit new franchise sales.

We do not anticipate directly owning any Natural Pilates Businesses, but Natural Pilates Businesses owned by our affiliates will contribute to the Brand Fund on the same basis as our franchisees.

Market introduction plan. In addition to the your other marketing obligations you are required to conduct, you will be required to spend $15,000 to $20,000 in connection with pre-opening sales activities and other initial launch promotional activities designed to increase visibility of your Business within your designated territory. You may be required to spend all or some portion of these funds on products/services received from Vendors, and all materials used in connection with your grand opening campaign must be approved by us if not previously designated by us for use.

We expect that you will typically be required to spend these amounts in the 30-60 days prior to opening and in the 30-day period following the opening of your Business. 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 Vendor 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 Vendor(s).

Required Marketing Cap. From time to time, we may on notice to you, change the amount of required contributions to the Brand Fund and the minimum amounts that you must spend on Local Marketing (collectively, the "Required Marketing"); provided, however, that you we will not require your Required Marketing, in the aggregate, to exceed 5% of the Gross Sales of your Business (the "Required Marketing Cap").

Minimum Required Local Marketing. You must spend the minimum amounts we designate from time to time (subject to the Required Marketing Cap) each month on marketing the Business using materials and programs mandated or approved by us from time to time ("Local Marketing").

Point of Sale and Computer Systems

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 your Business 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.

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.

Software:
Required CRM and Loyalty Marketing Software

Hardware:
Computer and iPad
Camera systems
Speaker systems
Printer
Shredder
Laminator
Label printer
TV
Monitor

The system will include our currently required POS/CRM system, credit card processing system, and accounting platform, such as QuickBooks. These systems will generate or store data such as inventory/product details, sales transactions, client, employee, scheduling, reporting, and accounting information.

We estimate that these systems will cost between $8,000 and $10,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do require you enter into such contract with a third party for the above platforms/system.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be $9,300 to $10,000 per year including the software subscription fees.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

Brand Standards Manual

We will provide you access to our manuals after you sign the Franchise Agreement ("Brand Standards Manual"), which as of the issuance date of this disclosure document is comprised of a total of 204 pages. A copy of the Table of Contents as of the issuance date of this disclosure document is included as Exhibit F to this disclosure document.

Training Program

Our training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
History and Philosophy of the Natural Pilates Brand	3	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Real Estate	2	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Studio Setup	2	2	Our Location, Beverly Hills, CA or Your Location or Virtual
Pilates Education and Training	10	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Marketing and Sales	12	3	Our Location, Beverly Hills, CA or Your Location or Virtual
Operations and Management	12	3	Our Location, Beverly Hills, CA or Your Location or Virtual
FAQ's	3	0	Our Location, Beverly Hills, CA or Your Location or Virtual

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Client Satisfaction	2	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Opening the Location	1	3	Our Location, Beverly Hills, CA or Your Location or Virtual
Closing the Location	1	3	Our Location, Beverly Hills, CA or Your Location or Virtual
Deep Clean and Maintenance	1	2	Our Location, Beverly Hills, CA or Your Location or Virtual
Equipment Maintenance	1	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Weekly Duties	3	3	Our Location, Beverly Hills, CA or Your Location or Virtual
Other Procedure Reviews / Miscellaneous	1	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Onboarding Graduation	1	0	Our Location, Beverly Hills, CA or Your Location or Virtual
TOTALS:	55	19	

ADDITIONAL TRAINING PROGRAM FOR FRANCHISEES (OWNER / OPERATOR / MANAGER

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Pre-opening Readiness	10	15	Our Location, Beverly Hills, CA or Your Location or Virtual

Business Management Basics	3	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Operations Basics	2	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Human Resources Functions	5	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Advertising / Marketing	5	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Payroll	3	0	Our Location, Beverly Hills, CA or Your Location or Virtual
Staff Scheduling	2	0	Our Location, Beverly Hills, CA or Your Location or Virtual
TOTALS:	30	15	

INSTRUCTOR FLASH TRAINING

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Flash Training Course	20	0	Virtual
Observation	0	20	Our Location, Beverly Hills, CA or Your Location
Physical Practice	0	20	Our Location, Beverly Hills, CA or Your Location
TOTALS:	20	40	

You must hire instructors who are or become certified by an industry-recognized third-party institution. All certified Pilates instructors must attend our Flash Training Program designated for all instructors that work in your Business. You must appoint at least one Instructor Lead, who is required to attend the online Teacher Training Course for Mat and Reformer and complete the online assessment with a minimum score of 95%. The Teacher Training Course for Mat and Reformer is

free for the Instructor Lead during the pre-opening phase. Post-opening, the online Teacher Training Course will be available for all Certified instructors that work at your Business at a 25% discount from the retail pricing which equates currently to $1,158.75 for the Mat Training and $1,503.75 for the Reformer Training (these prices are subject to change).

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes in advance of the opening of your Business, doing so remotely, at an affiliate owned company location, and at the Location of your Business once sufficient build-out has been completed and close to being open, as elaborated on in the additional questions below. This may change as we start to bring on more franchisees.

Administrative and Instructor Flash Training videos and manuals are complimentary for all new hires at all Natural Pilates Businesses.

Natural Pilates New Instructor Flash Training described above creates a bridge between what is covered in standard Pilates certification programs and the Natural Pilates Method. It teaches the new instructor programming and cueing techniques to create athletic, form-focused classes on the Merrithew Reformer/Tower.

The instruction materials consist primarily of our Onboarding Checklist, which contains links organized by section for all applicable written procedures, training videos, a shadowing/coaching checklist, and the approval process. All these materials are required to successfully and fully complete the necessary training. Additional instructional material will be provided consisting of similar training (additional procedures, additional video training, additional checklists, etc.) for "higher-level" functions required of the franchisee and/or the individual acting as the owner/operator and/or manager of the franchisee.

The training programs described above will be led by Laura Wilson and Erika Nickless. Laura Wilson has 19 years of experience with us or our affiliates and 19 years of experience of training in the subjects taught. Erika Nickless has 14 years of experience with us or our affiliates and 14 years of experience of training in the subjects taught.

You, your studio manager and lead instructor must attend and successfully complete all required training. Training will be free for your Principal Executive, a manager, a lead instructor, and up to three additional instructors. If you wish to have additional employees receive training, then you must pay our-then current training fee and you will be responsible for all expenses incurred by your employees or managers attending training. As between us and you, you will be responsible for all expenses incurred by or owed to your employees or managers attending training, including, for example, their travel and living expenses, compensation and benefits.

You must complete training to our satisfaction at least four weeks before opening your Business. You will be required to pass a test which evaluates your understanding of the content and franchise operating content as covered in the training program. Should you fail to pass the test or complete the initial training, we have the right to terminate the Franchise Agreement with no refund of the initial franchise fee.

Your Business must at all times be under the supervision of your Principal Executive or a general manager who has completed our training program. If you choose to open three or more

Natural Pilates Businesses you will be required to hire a regional manager to oversee the locations. If you need to send a new general manager to our training program, we will charge a fee, which is currently $500 per day, but is subject to change. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12
TERRITORY

Grant of Territory

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. However, as long as you are not in default under the Franchise Agreement, neither we nor our affiliates will operate or grant to third parties the right to operate a Natural Pilates Business in the agreed upon territory around your Location as described below.

You and we will agree on an exclusive territory around your proposed Location when we approve it. If you and we are unable to agree on the description of the exclusive territory, your only recourse will be to submit an alternative Location, and to continue to do so until you and we can agree on the exclusive territory. However, this process will not extend the time by which you are required under the Franchise Agreement to open your Business.

When determining territories, our objective is to capture approximately 50,000 to 100,000 people. We typically describe the territory as a circle around the Location, but we may use other boundaries such as county lines or other political boundaries, streets, geographical features, or trade areas.

Relocation

You do not have the right to relocate your Business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a Natural Pilates Business on a case-by-case basis, considering factors such as changes in demographics, current profitability of your Business, or a loss of your premises due to circumstances beyond your control.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

Other than being in compliance with your Franchise Agreement, the continuation of your territorial protection, as described above, does not depend on achieving a certain sales volume, market penetration, or other contingency. There are no other circumstances that expressly permit us to modify your territorial rights.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to offer and sell and license others to offer and sell, through other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, other than Natural Pilates Businesses, any products and services, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from or providing services to consumers outside of your territory, except that all marketing and advertising is subject to our approval. You are not, however, authorized to use the internet to sell products or provide services.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates currently operate, franchise, or have plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. However, the Franchise Agreement does not prohibit us from doing so.

Multi-Unit Development Agreement

If you enter into a MUDA with us, you will receive a Development Area within which you will have the right to develop Natural Pilates Businesses. There is no required minimum size for a Development Area. The size and configuration of the Development Area will depend on the number of Natural Pilates Businesses you commit to developing. When determining territories, we may use boundaries such as county lines or other political boundaries, streets, geographical features, or trade areas. Your Development Area will be described in the MUDA before you sign the MUDA.

As long as you are not in default under the MUDA, and except with respect to Special Venue Businesses (defined below), neither we nor our affiliates will operate or grant to third parties the right to operate a Natural Pilates Business in the agreed upon territory within the Development Area, or grant Development Rights to third parties to be exercised with your Development Area. A "Special Venue" is any Business (1) that is located within or as a part of a larger venue or facility (a "Host Facility"), (2) that is typically operated as an amenity for the Host Facility and has limited views and access from the street, and (3) whose customers are primarily customers, members, or residents of the Host Facility and their permitted guests.

In order to maintain your rights under the MUDA, you must open and have in operation the cumulative number of Natural Pilates Businesses as stated on the Development Schedule by the agreed upon dates listed in the Development Schedule. Failure to comply with this requirement will be grounds for either a loss of territorial exclusivity or the termination of your MUDA.

When the last Natural Pilates Business to be developed within the Development Area opens for business, your exclusive rights under the MUDA with respect to the Development Area will expire and we and our affiliates will have the right to operate and grant to other development rights and franchises to develop and operate Natural Pilates Businesses within the Development Area. This right

will be subject only to the territorial rights under your Franchise Agreements for Natural Pilates Businesses in the Development Area and the right of first refusal to develop additional Natural Pilates Businesses described above. The Development Area may not be altered unless we and you mutually agree to do so and will not be dependent on your maintaining of any sales volume. You are not granted any other option, right of first refusal or similar right to acquire additional Natural Pilates Businesses in your Development Area under the MUDA, except as described above.

Reservation of Rights

We reserve for ourselves and our affiliates all rights not expressly granted to you in the Franchise Agreement or the MUDA and the right to do all things that we do not expressly agree in those agreements not to do, in each case, without compensation to you, without regard to proximity to your Natural Pilates Businesses or Development Area, and on such terms and conditions as we deem appropriate. For example, and without limitation, we are our affiliates may, ourselves or through authorized third parties:

(1) own and operate and license others to own and operate, Natural Pilates Businesses offering similar or identical products and services using the System or elements of the System (i) under the Marks anywhere outside of the protected territory or Development Area, as applicable, and (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the protected territory or Development Area, as applicable;

(2) develop or become associated with other businesses, including those within the Pilates and fitness industry, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the protected territory or Development Area, as applicable, whether or not using the System and/or the Marks, provided that such businesses located in the protected territory or Development Area, as applicable, are not, during the term, primarily identified by the Marks;

(3) acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not) located anywhere and, even if such businesses are located in the protected territory or Development Area, as applicable, (i) convert the other businesses to the Natural Pilates brand, (ii) allow such other businesses to operate as part of the System, whether or not converted to the Natural Pilates brand, and/or (iii) permit the other businesses to continue to operate under another name;

(4) solicit customers, advertise, and authorize others to advertise, and promote sales of and from Natural Pilates Businesses anywhere, including within the protected territory and Development Area; and

(5) using the Marks or other trademarks and commercial symbols, market and sell, and grant to others the right to market and sell, anywhere (including within the protected territory and Development Area), through other channels of distribution (for example, through the Internet, mail order, e-commerce, catalog sales, and product lines in other retail businesses), any products and services that are or have been authorized for sale at Natural Pilates Businesses.

Item 13
TRADEMARKS

Principal Trademark

The following are the principal trademarks that we license to you. Theses trademarks are owned by our Parent, which has granted us a license to use and sublicense their use in connection with the franchise system. These trademarks have been registered on the Principal Register of the United States Patent and Trademark Office. All required affidavits have been filed.

Trademark	Registration Date	Registration Number
	Nov. 29, 2016	5089662
NATURAL PILATES	Sep. 13, 2016	5043135

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court regarding Parent's ownership or our rights to use and sublicense the use of the trademarks. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding Parent's ownership or our rights to use and sublicense the use of any trademark.

Agreements

There are no currently effective agreements that significantly limit our rights to use or sublicense the use of trademarks listed above in a manner material to the franchise.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item 13, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this Section.

The Franchise Agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The Franchise Agreement

does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the Franchise Agreement, then (i) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (ii) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the Franchise Agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your Business.

Our founder, Laura Wilson, owns the copyrights for several teaching and operations manuals that you will be allowed to use in the operation of your Business, which include the following: Registration Number TX 9-384-157 approved 2/29/2024; Registration Number TX 9-370-427 approved 2/29/2024; Registration Number approved 4/26/2024; Registration Number TX 9-370-265 approved 2/29/2024.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The Franchise Agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include guidelines, standards and policies for the development and operation of your Business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating Natural Pilates Businesses, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

All non-public information of or about the System, us, and any Natural Pilates Business (including your Business), including (1) site selection criteria; (2) training and operations materials and manuals, and the Brand Standards Manual; (3) the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Natural Pilates Businesses; (4) market research, promotional, marketing and advertising programs for Natural Pilates Businesses; (5) knowledge of specifications for, and vendors of, operating assets and other products and supplies; (6) any computer software or similar technology which is proprietary to us, our affiliates, or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (7) knowledge of the operating results and financial performance of any Natural Pilates Business (including your Business); (8) customer data, including personal information, analytic data regarding customer behavior, and opt-in/opt-out preferences; and (9) any other information designated as confidential or proprietary by us or our affiliates, (the "Confidential Information").

All Confidential Information is exclusively owned by us or Parent and is proprietary to our System. 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 your Business, 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.

In addition, all ideas, plans, improvements, concepts, methods and techniques created relating to your Business (collectively, "Innovations"), conceived or developed by you, your employees, agents, or contractors, will be our sole and exclusive property, and part of the System.

Both during and after the term of your Franchise Agreement, you must use the Confidential Information only for the operation of your Business 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.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our Confidential Information only for your Business. We may require your managers and key employees to sign confidentiality agreements.

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

Your Participation

You are not required to participate personally in the direct operation of your Business. However, we recommend that you participate.

You must designate one person as your "Principal Executive." The Principal Executive is the executive primarily responsible for your Business and has decision-making authority on behalf of your Business. The Principal Executive must at all times, own at least 10% of your Business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in you or the portion of such interests that would result in ownership of less than 10%, or otherwise ceases to be the executive primarily responsible for your Business, you must promptly designated a new Principal Executive, subject to our written approval.

If your Business is owned by an entity, all owners of your Business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to the Franchise Agreement).

"On-Premises" Supervision

You are not required to personally conduct "on-premises" supervision (that is, act as general manager) of your Business. However, we recommend on-premises supervision by you.

You are solely responsible for the hiring and management of your Business's 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 general manager involved in the operation of your Business and their contact information. Your Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has successfully completed our training program.

You and your managers and employees must comply with the confidentiality provisions. 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 your Business must sign our Guaranty and Non-Compete Agreement (see Attachment 2 to the Franchise Agreement).

You will be solely responsible for all employment-related decisions associated with your Business personnel, including hiring, firing, scheduling, and compensation. Nothing in the Franchise Agreement or MUDA 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.

If your Business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale, and sell only and all those Approved Products and Services, and deal only with those Vendors, that we authorize or require. Principally, this means you must purchase the amount and type of 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 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 Brand Standards 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 those authorized instructors who have completed all required training provide the classes and other Approved Products and Services at your Business. No other individuals may conduct such classes or provide any Approved Products and Services. If we discontinue any Approved Product and Service offered by your Business, 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 Business for any other business purpose other than the operation of your Business. You may not advertise, offer for sale, or sell, any products and/or services other than the Approved Products and Services. We may change the Approved Products and Services at any time at 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 your Business any more often than once every 5 years. You will not make any material alterations to your Business, 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 Natural Pilates Businesses or to the goodwill associated with the trademarks. Subject to the conditions set forth above, we do not impose any restrictions with regard 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 Business upon commencement of the pre-sales phase. You must offer, accept the use of, and ensure that you and your Business personnel are aware of all then-current System Standards and procedures related to member reciprocity amongst other Natural Pilates Businesses that are part of the System.

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): Section 2.A	FA: The term starts on the effective date of the Franchise Agreement and continues for 10 years. MUDA: The term ends on the earlier of (i) the scheduled opening date of the last Natural Pilates Business as specified on the Development Schedule or (ii) the last day of the last development period.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	For our franchise system, "renewal" means that at the end of your term, you will have the right to acquire one successor agreement for a term equal to 10 years, subject to the conditions listed in 17.c.
c. Requirements for franchisee to renew or extend	FA: §§ 3.2, 18.10 MUDA: none	To enter into a successor agreement you must: give us between 90 and 180 days' notice prior to the expiration of your Franchise Agreement; and your affiliates must have been in material compliance with the Franchise Agreement and all other agreements between you and us; renovate to our then-current standards; sign our then-current form of franchise agreement and related documents (including a personal guaranty); you and your owner, for yourself, your affiliates, and the related parties must sign a general release; and pay the successor fee of $10,000. If you continue operating the Business after the expiration of the term without acquiring a successor term, we may: (i) require you to cease operating the Business and to comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as we specify, or (ii) deem your continued operation as your election to acquire a successor

Provision	Section in franchise or other agreement	Summary
		term of 5 years on the terms and conditions described above and we will deem you and your owners as having made a general release of liability.
d. Termination by franchisee	FA: § 14.1 MUDA: § 6.A	FA: If we violate a material provision of the Franchise Agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after written notice from you. MUDA: You may terminate the MUDA if we or our owners materially breach the agreement and do not cure such default after receiving written notice from you.
e. Termination by franchisor without cause	Not Applicable	We may not terminate the Franchise Agreement without cause.
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 6.B	FA: We may terminate your Franchise Agreement for cause, subject to any applicable notice and cure opportunity. MUDA: We may terminate only if you or your owners commit one of several violations. Under the cross-default provision, we can also terminate the MUDA if you or any of your approved affiliate fails to comply with any provision of any other agreements with us or our affiliates, including a Franchise Agreement and you fail to cure within the applicable cure period.
g. "Cause" defined--curable defaults	FA: § 14.2 MUDA: § 6.B	FA: non-payment by you or having insufficient funds in your account when we go to make a withdrawal and failing to cure within 10 days of such breach; violating the Franchise Agreement other than a non-curable default and failing to cure within 30 days of such breach; operating in a manner dangerous to the health or safety of any person and failing to cure within 48 hours of such breach. MUDA: We will have cause to terminate your MUDA for the following defaults if we give you written notice and an opportunity to cure

Provision	Section in franchise or other agreement	Summary
		the default: 30 days for failure to comply with any other provision of the MUDA that is not specifically mentioned. (subject to state law).
h. "Cause" defined--non-curable defaults	FA: § 14.2 MUDA: § 6.B	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; upon the occurrence of certain bankruptcy or insolvency-related events; failing to open the Business on the date specified in the Franchise Agreement; losing possession of the location; you or any owner or the spouse of any owner (each a "Restricted Person") violate any law, violate confidentiality, violate the non-compete, or violate the transfer restrictions; slander or libel of us; refusal to cooperate with our business inspection; ceasing operations for more than 3 consecutive days or advising us in writing that you wish to permanently close the Business without our consent; failing to allow us to run an audit or perform and inspection; you have received two or more defaults within a 12-month period; we terminate any other agreement with you due to your breach, provided that termination of the MUDA shall not, in itself, give us the right to terminate the Franchise Agreement; you or your owner is charged or convicted of, or pleads guilty or non-contest to a felony; you or your owner is accused by a third party or governmental authority of any act or you and your owner commit any act that is reasonably likely to materially and unfavorably affect our brand; any other breach of the Franchise Agreement which by its nature cannot be cured. MUDA: Non-curable defaults under the MUDA include: you and your owners making material misrepresentations or omissions; your failure to comply with the Development Schedule including failure to make progress in the development of your Business; any unapproved transfers; repeated defaults (even if cured); insolvency or bankruptcy events; failure to comply with anti-terrorism laws and

Provision	Section in franchise or other agreement	Summary
		ordinances; engaging in conduct which adversely affects the reputation of Businesses, the System, or the Marks; and your failure to comply with any other agreements between us and/or our affiliates and you do not correct such failure within the applicable cure period, if any (subject to state law).
i. Franchisee's obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: Article 7	FA: Pay all amounts due; return the Brand Standards Manual, Confidential Information, and all other proprietary items relating to the operation of the Business; notify phone, internet, and other providers of the termination of your right to use any numbers, addresses anything else associated with the Marks, and transfer service to us; cease doing business under any of the Marks; and within 30 days of termination, you must de-identify the Location. MUDA: Under the MUDA, you must (i) cease to directly or indirectly exercise or attempt to exercise any of the rights granted to you under the agreement; (ii) comply with all obligations that either expressly survive or by their nature are intended to survive the expiration or termination of the MUDA; and (iii) refrain from interfering or attempting to interfere with our or our affiliates' relationships with any vendors, franchisees or consultants or engage in any other activity which might injure the goodwill of the Marks or the System.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 5.A	FA: There are no restrictions on our right to assign our interest in the Franchise Agreement. MUDA: There are no restrictions on our right to assign our interest in the MUDA.
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Section 5.B	FA: For you (or any owner of your Business) to voluntarily or involuntarily transfer, sell, encumber, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) the Franchise Agreement or the rights granted therein, (iii) any direct or indirect ownership interest in you or the

Provision	Section in franchise or other agreement	Summary
		Business, or (iv) control of the Business, its operations, Gross Sales or profits. MUDA: Includes the sale, assignment, transfer, conveyance, pledge, mortgage, or other disposal or encumbrance of the MUDA, your development rights, or any direct or indirect ownership interest in you (regardless of its size).
l. Franchisor's approval of transfer by franchisee	FA: § 15.2 MUDA: § 5.B	FA: No transfers without providing us at least 60 days prior notice of the proposed transfer and without our consent. MUDA: MUDA may not be assigned without our prior written consent.
m. Conditions for franchisor's approval of transfer	FA: § 15.2 MUDA: § 5.C	FA: We decline to exercise our right of first refusal; You must: pay our transfer fee; the proposed assignee and its owners meet our then-current standards; proposed assignee is not a Competitor; proposed assignee and its owners sign our then-current franchise agreement and related documents (including a personal guaranty); you've made all payments to us and our affiliates and are in compliance with all contractual requirements of the Franchise Agreement; proposed assignee and its owners and employees completes any training program we require; you and your owners and the transferee and its owners sign a general release in a form satisfactory to us; your Business complies with our then-current System Standards including remodel, if applicable). MUDA: Transferor (and transferor's owners and guarantors) must be in compliance with their obligations under the MUDA; transferee must provide all information and documents we request to satisfy all selection criteria; you must provide executed transfer documents and the transfer must meet our criteria; any financing of the purchase price by transferor or transferee must be subordinate to transferee's obligations

Provision	Section in franchise or other agreement	Summary
		to pay us all amounts due to us, our affiliates, and third-party vendors; you (and your owners) must sign a general release, in a form satisfactory to us; you (and your transferring owners) (and your or their immediate family members) must sign a non-competition covenant in favor of us; you must pay all amounts owed to us, our affiliates, and third-party vendors and must have submitted all required reports and statements under the MUDA and any Franchise Agreement; you and your owners must not have violated any provision of the MUDA or any other agreement with us or our Affiliates during both the 60-day period before you requested our consent to the transfer through the effective date of the transfer; transferee must sign our then-current form of MUDA and related documents; you must pay our transfer fee; and the transfer must not be made separate and apart from the transfer to the same transferee of all Franchise Agreements signed pursuant to the MUDA.
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: § 5.F	FA: If you want to transfer your Business (other than to your co-owner or your spouse, sibling, or child of an owner), we will have the right to purchase the Business for the same price and on the same terms and conditions as a proposed buyer. MUDA: If you receive an offer to sell or transfer an interest, whether direct or indirect, in the MUDA (which must not be made separate and apart from any transfer to the transferee of any Franchise Agreements you signed pursuant to the MUDA), your development rights or an ownership interest in you, we have a right of first refusal to purchase such interest offered for the price and on the terms and conditions contained in the offer with certain provisions; if this right is not exercised within 30 days of our receipt of notice of such intention to sell or transfer, then you may sell or transfer the

Provision	Section in franchise or other agreement	Summary
		Business in accordance with Item 17(k) through 17(m).
o. Franchisor's option to purchase franchisee's business	FA: § 14.6 MUDA: none	FA: On termination or expiration of the Franchise Agreement, we or our designee will have the right to purchase any or all of the assets related to your Business, free and clear of all liens, for the lower of (a) book value of the assets, or (b) the fair market value of the assets.
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: § 5.B	FA: After the death or incapacity of the owner of the franchise, the executor, administrator or personal representative must transfer the Business to a third party approved by use within nine months. Additionally, if your Principal Executive dies, becomes incapacitated, or their ownership interest in you falls below 10% then you must promptly designate a new Principal Executive subject to our written approval. MUDA: Neither the MUDA nor any ownership interests in you may be transferred without our prior written consent.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, nor any owner of the Business, nor any other Restricted Party may have an ownership interest in, lend money or provide financial assistance to, have a security interest in the assets of, act as a landlord to, provide services to, or be employed by, any Competitor. **"Competitor**" means any business or commercial endeavor (i) which offers or sells products or services that are the same as or similar to (in style or function) the products or services offered at any time by Natural Pilates Businesses ("Competitive Products or Services"), (ii) whose primary source of revenue, whether alone or in the aggregate, is from the sale, distribution or provision of one or more Competitive Products or Services, (iii) which derives, for any period, at least 10% of its revenue from the sale, distribution or provision of Pilates fitness classes, instruction or equipment, or (iv) which grants franchises for, acts as landlord or lender to, or provides services to any of the foregoing.

Provision	Section in franchise or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, after the termination or expiration of the Franchise Agreement no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, have a security interest in the assets of, act as landlord to, provide services to, or be employed by a Competitor located within five miles of your former territory or the territory of any other Natural Pilates Business operating on the date of termination or transfer. "Restricted Party" means you, your owners, and your owners' spouses.
s. Modification of the agreement	FA: § 18.4 MUDA: § 10.A	FA: No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Brand Standards Manual or System Standards. MUDA: No modifications of the agreement except by a written agreement signed by both you and us.
t. Integration/merger clause	FA: § 18.3 MUDA: § 10.F	FA: Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement (or MUDA) may not be enforceable. However, no claim made in any Franchise Agreement (or MUDA) is intended to disclaim the express representations made in this disclosure document. MUDA: Only the written terms of the MUDA and other related written agreements are binding (subject to state law). Any representation or promises made outside of this disclosure document and MUDA may not be enforceable. However, nothing in the MUDA is intended to disclaim the representations we

Provision	Section in franchise or other agreement	Summary
		made in the disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 9.A	FA: All controversies, claims, or disputes between you and us must be arbitrated at a location within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Beverly Hills, California) (subject to state law). MUDA: All controversies, claims, or disputes between you and us must be arbitrated at a location within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Beverly Hills, California) (subject to state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 9.C	FA: Arbitration will take place where our or, as applicable, our successor's or assign's then-current principal place of business (currently Beverly Hills, California) (subject to state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our or, as applicable, our successor's or assign's then-current principal place of business (currently Beverly Hills, California) or if this court lacks jurisdiction, the state courts of the state and county where our or, as applicable, our successor's or assign's then-current principal place of business (currently Beverly Hills, California) (subject to applicable state law). MUDA: Arbitration will take place in the state of our or, as applicable, our successor's or assign's then-current principal place of business (currently Beverly Hills, California) (subject to state law).
w. Choice of law	FA: §§ 17.1 and18.8 MUDA: § 9.B	FA: All matters relating to arbitration will be governed by the American Arbitration Association in accordance with its Commercial Arbitration Rules.

Provision	Section in franchise or other agreement	Summary
		All other adversarial proceedings between you and us will be governed by the laws of the state of California (subject to applicable state law). MUDA: All matters relating to arbitration will be governed by the American Arbitration Association in accordance with its Commercial Arbitration Rules. All other adversarial proceedings between you and us will be governed by the laws of the state of California (subject to applicable state law).

Item 18
PUBLIC FIGURES

Our founder, Laura Wilson, has developed a personal reputation and notoriety in the Pilates fitness industry. She serves as a key representative and ambassador for the Natural Pilates brand. While she is not separately compensated for her efforts to sell Natural Pilates franchises, as our indirect owner, she will benefit from her promotion of the Natural Pilates franchise system.

Other than as described above, we do not use any public figure to promote our franchises.

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.

The following chart shows the actual historical Gross Sales, total Labor expenses and total Occupancy expenses for each Natural Pilates Business that was open and operating in the 2023 calendar year as of December 31, 2023. Each Natural Pilates Business identified in the chart was and is owned by our affiliate. We had no franchised Natural Pilates Businesses during the period. Each Natural Pilates Brand opened in 2022 and operated for the full 2023 calendar year. Laura Wilson was directly involved in the opening and operation of each of the Natural Pilates Businesses. Otherwise, there are no materially different characteristics of these businesses than the Natural Pilates Business you would operate. However, the Natural Pilates Businesses in Beverly Hills, CA and New York City, NY are in high income areas.

Natural Pilates Businesses[1]	Gross Sales[2]	Labor[4]		Occupancy[5]	
		Dollar	Percent	Dollar	Percent
New York City, New York	$1,206,287.63	$646,881.26	53.6%	$251,143.26	20.8%
Beverly Hills, California	$1,755,746.23	$735,357.95	41.9%	$295,001.43	16.8%
Brentwood, California	$710,545	$326,995.90	46.0%	$164,620.12	23.2%
Sherman Oaks, California (See Note 5)	$416,323.88	$213,694.00	51.3%	$175,980.86	42.3%
West Hollywood, California	$739,907.01	$375,067.71	50.7%	$193,465.49	26.1%

Notes:

1. In the above chart, "Percent" means the percentage of Gross Sales represented by the corresponding "Dollar" amount shown. The foregoing reflects historical data for the calendar year 2023 for all Natural Pilates Businesses that were open for the entire year. It is important to note that the locations in Beverly Hills, California and New York City, NY are in unique markets and generally have certain elements which will benefit location performance.

2. "Gross Sales" means the total revenue derived from the sale of goods or services less sales tax, discounts, and returns. This is consistent with how "Gross Sales" is defined in the Franchise Agreement and on which you will calculate your Royalties and Brand Fund Contributions. The Gross Sales numbers shown in the above chart are not averages; they are actual Gross Sales of the particular Natural Pilates Business shown.

3. "Labor" means the total cost of salaries, wages, payroll taxes, and payroll service fees. It does not include any guaranteed payments or distributions of profits to owners of the legal entity that owns the Natural Pilates Business or other non-employee-related distributions.

4. "Occupancy" means the aggregate expenses for rent for the Natural Pilates Business premises and utilities.

5. The Natural Pilates Business in Sherman Oaks, California was in its first full year of operations in the calendar year 2023.

Some outlets have sold and earned this amount. Your individual results may differ. There is no assurance that you will sell or earn as much.

Written substantiation of this information will be made available to you upon your reasonable request.

Except for what is included in this Item 19, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting, Laura Wilson, 9903 Santa Monica Blvd, Box 619 Beverly Hills, CA 90212, and (310) 623-9013, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary
For Years 2021 to 2023

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	3	3	0
	2022	3	5	2
	2023	5	5	0
Total Outlets	2021	3	3	0
	2022	3	5	2
	2023	5	5	0

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi-nations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For Years 2021 to 2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
California	2021	3	0	0	0	0	3
	2022	3	1	0	0	0	4
	2023	4	0	0	0	0	4
New York	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Totals	2021	3	0	0	0	0	3
	2022	3	2	0	0	0	5
	2023	5	0	0	0	0	5

Table 5
Projected Openings for 2024 As Of December 31, 2023

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	0	1	1
California	0	1	0
New York	0	1	0
Texas	0	1	0
Totals	0	4	1

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No franchisees signed a confidentiality agreement during the last three fiscal years.

List of Current Franchisees

The following is a list of the current franchisees who as of the end of our last fiscal year were open and operating in our system:

None.

The following is a list of the current franchisees who had signed Franchise Agreements as of the end of our last fiscal year but are not yet open:

None

The following is a list of the current franchisees who have signed a Multi-Unit Agreement:

None.

List of Terminated Franchisees

The following is a list of the franchisees who have had a unit terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

None.

List of Units for Sale

The following is a list of the franchised units now under Franchisor control that Franchisor is selling:

None.

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit D contains our audited opening balance sheet as of July 31st, 2024, and an unaudited balance sheet as of December 31, 2024. We have only been operating since July 2024, and therefore cannot provide all financial statements required by the FTC Rule. Our fiscal year end is December 31.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement (with Location Acceptance Letter, State Addenda to Agreements, Guaranty and Non-Compete Agreement, Rider to Lease Agreement, and Form of General Release)

C. Multi-Unit Development Agreement

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document. Please sign and date each receipt and return one copy to us. Keep the other copy along with this disclosure document for your records.

EXHIBIT A

STATE ADDENDA

STATE ADDENDA TO DISCLOSURE DOCUMENT

FOR THE FOLLOWING STATES: CALIFORNIA AND NEW YORK.

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 ADDENDUM TO DISCLOSURE DOCUMENT

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 CORPORATIONS 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, naturalpilates.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT BUSINESS OVERSIGHT AT https://dfpi.ca.gov/.

4. SECTION 31512.1 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES THAT ANY PROVISION OF THE FRANCHISE AGREEMENT, DISCLOSURE DOCUMENT, ACKNOWLEDGMENT, QUESTIONNAIRE, OR OTHER WRITING, INCLUDING ANY EXHIBIT THERETO, DISCLAIMING OR DENYING ANY OF THE FOLLOWING SHALL BE DEEMED CONTRARY TO PUBLIC POLICY AND SHALL BE VOID AND UNENFORCEABLE: (A) REPRESENTATIONS MADE BY THE FRANCHISOR OR ITS PERSONNEL OR AGENTS TO A PROSPECTIVE FRANCHISEE; (B) RELIANCE BY A FRANCHISEE ON ANY REPRESENTATIONS MADE BY THE FRANCHISOR OR ITS PERSONNEL OR AGENTS; (C) RELIANCE BY A FRANCHISE ON THE FRANCHISE DISCLOSURE DOCUMENT, INCLUDING ANY EXHIBIT THERETO; OR (D) VIOLATIONS OF ANY PROVISION OF THIS DIVISION.

5. The following paragraph is added to the end of Item 3 of the Disclosure Document:

    - Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the 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. 78a *et seq.*, suspending or expelling such persons from membership in that association or exchange

6. The following paragraph is added to the end of Item 6 of the Disclosure Document:

    - With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

7. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

    - The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement or the Multi-Unit 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 Sections 31000 through 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 through 20043).

    - The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developers concerning transfer, termination, or non-renewal of a franchise. If the Franchise Agreement or the Multi-Unit Development Agreement contains a provision that is inconsistent with the law, the law will control.

    - The Franchise Agreement and Multi-Unit Development Agreement contain a covenant not to compete that extends beyond the term of the agreement. This provision might not be enforceable under California law.

    - The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

    - The Franchise Agreement and Multi-Unit Development Agreement require binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator which is in or within a 50-mile radius of our, or, as applicable, our successor's or assign's then-current principal place of business (currently, Beverly Hills, California). Prospective 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 a franchise agreement restricting venue to a forum outside the State of California.

    - The Franchise 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.*)

8. Under the Franchise Agreement, we reserve the right to require that franchisees comply with maximum and minimum prices we set for goods and services. The Antitrust Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the Franchise Agreement as permitting or requiring maximum price limits.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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 A 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 FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OF PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

   Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's 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, that 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 ten years 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, antifraud, or securities law; fraud;

embezzlement; fraudulent conversion or 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:

   - The initial franchise fee and development fee constitute part of our general operating funds and will be used as such in our discretion.

5. The following is added to the Item 17

   - 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 following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee":

   - "You may terminate the Multi-Unit Development Agreement or Franchise Agreement on any grounds available by law."

7. The following is added to the end of the "Summary" section of Item 17(j), entitled "Assignment of Contract by Franchisor:"

    - However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Multi-Unit Development Agreement or Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

    - The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

9. Franchise Questionnaires and Acknowledgements--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.

10. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

EXHIBIT B

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

SUMMARY INFORMATION	
Franchisee	
Franchisee Ownership	[insert name, address and percentage ownership held by each owner as of Effective Date]
Initial Franchise Fee	$
Development Area	
Opening Deadline	
Principal Executive	
Franchisee's Address	

This Agreement is made between Natural Pilates Franchise, LLC, a Wyoming limited liability company whose principal address is 9903 Santa Monica Blvd, Box 619, Beverly Hills, CA 90212 ("Natural Pilates Franchise"), and the party identified in the chart above as the "Franchisee" and whose principal address is as shown above, effective as of the date signed by Natural Pilates Franchise (the "Effective Date").

Background Statement:

A. Natural Pilates Franchise and its affiliates have created and own a system for developing and operating fitness studios offering Natural Pilates, an athletic niche approach to classical Pilates choreography with detail and focus on form coupled with level-appropriate resistance to bring muscles to full-body burn creating strength, under the trade name "Natural Pilates." (the "System").

B. The System includes (1) methods, procedures, and standards for developing and operating a Natural Pilates-branded businesses (each a "Natural Pilates Business"), (2) plans,

specifications, equipment, signage and trade dress for Natural Pilates Businesses, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Natural Pilates Franchise from time to time.

C. The parties desire that Natural Pilates Franchise will license the Marks and the System to Franchisee for Franchisee, who is willing to accept and undertake the obligation, to develop and operate a Business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

"**Action**" means an arbitration proceeding or lawsuit, together with all actions, proceedings, investigations, governmental inquiries, preliminary and permanent awards, orders and judgments, or appeals thereof, taken in connection with or related to such proceeding or lawsuit, whether formal or informal.

"**Vendor**" means a supplier, vendor, or distributor of Inputs which, until such approval has expired or been rescinded, has been approved or mandated, in writing, by Natural Pilates Franchise from time to time to provide one or more Inputs to Franchisee's Business.

"**Brand Fund**" means the fund established (or which may be established) by Natural Pilates Franchise into which Brand Fund Contributions are deposited.

"**Business**" means the Natural Pilates Business owned by Franchisee and operated under this Agreement.

"**Competitive Products or Services**" means products or services that are the same as or similar to (in style or function) the products or services offered at any time by Natural Pilates Businesses

"**Competitor**" means any business or commercial endeavor (i) which offers or sells Competitive Products or Services, (ii) whose primary source of revenue, whether alone or in the aggregate, is from the sale, distribution or provision of one or more Competitive Products or Services, (iii) which derives, for any period, at least 10% of its revenue from the sale, distribution or provision of Pilates fitness classes, instruction or equipment, or (iv) which grants franchises for, acts as landlord or lender to, or provides services to any of the foregoing. business.

"**Confidential Information**" means all non-public information of or about the System, Franchisor, and any Natural Pilates Business (including Franchisee's Business), including (1) site selection criteria; (2) training and operations materials and manuals, and the Brand Standards Manual; (3) the System Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting and operating Natural Pilates Businesses; (4) market research, promotional, marketing and advertising programs for Natural Pilates Businesses; (5) knowledge of specifications for, and Vendors of, Inputs and other products and supplies; (6) any computer software or similar technology which is proprietary to us, our affiliates, or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; (7) knowledge of the operating results and financial performance of any Natural Pilates Business (including Franchisee's Business); (8) customer data,

including personal information, analytic data regarding customer behavior, and opt-in/opt-out preferences; and (9) any other information designated as confidential or proprietary by Franchisor or its affiliates.

"**Gross Sales**" means the total dollar amount of all revenue generated by or through the Business for a given period, regardless of whether collected, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash, credit or barter. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee and paid to the appropriate taxing authority, (iii) sales of used equipment in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). Gross Sales also includes the payments received from any insurer under business interruption coverages or which is otherwise intended to replace lost revenue of the Business as a result of a casualty or other event.

"**Input**" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

"**Location**" means the location stated on the Location Acceptance Letter from which Franchisee's Business is authorized to be developed and operated.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Natural Pilates Franchise's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Brand Standards Manual**" means Natural Pilates Franchise's confidential manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Marks**" means the trade name and logo contained on the Summary Information, and all other trade names, trademarks, service marks and logos specified by Natural Pilates Franchise from time to time for use in Franchisee's Business.

"**Owner**" means each person or entity which directly or indirectly owns or controls any direct or indirect ownership or beneficial interests in Franchisee.

"**Remodel**" means a refurbishment, renovation, and remodeling of the Location and Business to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Natural Pilates Business.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Natural Pilates Franchise, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating

days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**Territory**" means the territory stated in the Location Acceptance Letter.

"**Transfer**" means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, encumber, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement or the rights granted herein, (iii) any direct or indirect ownership interest in the Franchisee or Business, or (iv) control of the Business, its operations, Gross Sales or profits.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. Natural Pilates Franchise grants to Franchisee the right, and Franchisee undertakes the obligation, to develop, own and operate the Business solely at the Location. If no Location is stated on the Summary Information when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate the Business at the Location for the entire Term of this Agreement.

2.2 Protected Territory. Provided Franchisee is in compliance with this Agreement, Natural Pilates Franchise will not, except as provided in this Section, establish, nor authorize the establishment of, another Natural Pilates Business within the Territory during the Term. Natural Pilates Franchise retains the right to:

(1) own and operate and license others to own and operate, Natural Pilates Businesses offering similar or identical products and services using the System or elements of the System (i) under the Marks anywhere outside of the Territory, as applicable, and (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory, as applicable;

(2) develop or become associated with other businesses, including those within the Pilates and fitness industry, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Territory, as applicable, whether or not using the System and/or the Marks, provided that such businesses located in the Territory, as applicable, are not, during the Term, primarily identified by the Marks;

(3) acquire, be acquired by, merge, affiliate with, or engage in any transaction with other businesses (whether competitive or not) located anywhere and, even if such businesses are located in the Territory, as applicable, (i) convert the other businesses to the Natural Pilates brand, (ii) allow such other businesses to operate as part of the System, whether or not converted to the Natural Pilates brand, and/or (iii) permit the other businesses to continue to operate under another name;

(4) solicit customers, advertise, and authorize others to advertise, and promote sales of and form Natural Pilates Businesses anywhere, including within the Territory; and

(5) using the Marks or other trademarks and commercial symbols, market and sell, and grant to others the right to market and sell, anywhere (including within the Territory), through other channels of distribution (for example, through the Internet, mail order, e-commerce, catalog sales, and product lines in other retail businesses), any products and services that are or have been authorized for sale at Natural Pilates Businesses.

2.3 Franchisee Control. Franchisee represents that, if it is not a natural person, the Summary Information accurately reflects its ownership as of the Effective Date. Franchisee agrees that the ownership will not change without Natural Pilates Franchisee's prior written consent as described in Article 15 below. If any of this information changes, Franchisee shall notify Franchisor within 10 days.

2.4 Principal Executive. Franchisee agrees that the person designated as the "Principal Executive" in the Summary Information is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at all times, at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee or the portion of such interests that would result in ownership of less than 10%, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Natural Pilates Franchise's reasonable written approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Natural Pilates Franchise, in the form of Attachment 2.

2.6 No Conflict. Franchisee represents to Natural Pilates Franchise that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of and do not provide services to any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for five (5) years the "Term").

3.2 Successor Agreement. Franchisee shall, subject to qualifying with the below criteria with respect to the Term of this Agreement, and with respect to the 2nd successor term, the criteria set forth in the Franchise Agreement applicable to the 1st successor term have the option of acquiring

two (2) successive successor terms of five (5) years each. In order to qualify for the first successor term, Franchisee must satisfy the following:

(i) Franchisee notifies Natural Pilates Franchise of its election to enter into a successor agreement between 90 and 180 days prior to the end of the Term;

(ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Natural Pilates Franchise (or any of its affiliates) at the time of election and at the time of execution of the successor agreement;

(iii) Franchisee has made or agrees to make (within a period of time acceptable to Natural Pilates Franchise) renovations and changes to the Business as Natural Pilates Franchise requires (including a Remodel, if applicable) to conform to the then-current System Standards;

(iv) Franchisee and its Owners execute Natural Pilates Franchise's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;

(v) Franchisee and each Owner, for themselves, their affiliates, and the related parties of each, executes a general release (on Natural Pilates Franchise's then-standard form) of any and all claims against Natural Pilates Franchise, its affiliates, and their respective owners, officers, directors, agents and employees;

(vi) Franchisee pays the successor fee of $10,000.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Information. This initial franchise fee is not refundable.

4.2 Royalty Fee. Franchisee shall pay Natural Pilates Franchise a royalty fee (the "Royalty Fee") equal to 7% of Gross Sales. Natural Pilates Franchise will determine, in its discretion, the frequency with which the Royalty Fee must be paid. Currently, the Royalty Fee is paid monthly and is due by the 15th day of each month based on the prior month's Gross Sales.

4.3 Marketing Contributions.

(a) Brand Fund Contribution. Franchisee shall pay Natural Pilates Franchise a contribution to the Brand Fund (the "Brand Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as Natural Pilates Franchise determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.4 Replacement / Additional Training Fee. If Franchisee requests additional training and access to Natural Pilates Franchise's training program after opening, Natural Pilates Franchise may charge its then-current training fee. As of the date of this Agreement, the training fee is $500 per day if held at a company owned outlet or $800 per day plus travel and expenses if held at Franchisee's Location.

4.5 Non-Compliance Fee. Natural Pilates Franchise may charge Franchisee $500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to Natural Pilates Franchise) which Franchisee fails to cure after 30 days' notice. Thereafter, Natural Pilates Franchise may charge Franchisee $250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of Natural Pilates Franchise's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of Natural Pilates Franchise's other rights and remedies (including default and termination under Section 14.2).

4.6 Reimbursement. Natural Pilates Franchise may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If Natural Pilates Franchise does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Natural Pilates Franchise within 15 days after invoice by Natural Pilates Franchise accompanied by reasonable documentation.

4.7 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Fund Contribution, and any other amounts owed to Natural Pilates Franchise by pre-authorized bank draft or in such other manner as Natural Pilates Franchise may require. Franchisee shall comply with Natural Pilates Franchise's payment instructions.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to Natural Pilates Franchise by the 15th day of the following month. If Franchisee fails to report monthly Gross Sales, then Natural Pilates Franchise may withdraw estimated Royalty Fees and Brand Fund Contributions equal to 125% of the last Gross Sales reported to Natural Pilates Franchise, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Natural Pilates Franchise has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a $100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Natural Pilates Franchise may charge $30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Natural Pilates Franchise (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Natural Pilates Franchise may apply any payment received from Franchisee to any obligation and in any order as Natural Pilates Franchise may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Natural Pilates Franchise any fees or amounts described in this Agreement are not dependent on Natural Pilates Franchise's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to Natural Pilates Franchise or its affiliates and on services or goods furnished to Franchisee by Natural Pilates Franchise or its affiliates, unless the tax is an income tax assessed on Natural Pilates Franchise or its affiliates for doing business in the state where the Business is located.

ARTICLE 5. ASSISTANCE

5.1 Brand Standards Manual. Natural Pilates Franchise shall make its Brand Standards Manual available to Franchisee.

5.2 Assistance in Hiring Employees. Natural Pilates Franchise shall provide its suggested staffing levels to Franchisee. Natural Pilates Franchise shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.3 Assistance in Training Employees. Natural Pilates Franchise shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees, including providing operational instructions in the Brand Standards Manual.

5.4 Pre-Opening Assistance.

(a) Selecting Location. Natural Pilates Franchise shall provide its criteria for Natural Pilates locations to Franchisee. Natural Pilates Franchise will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, Natural Pilates Franchise shall provide Franchisee with (i) Natural Pilates Franchise's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as Natural Pilates Franchise deems appropriate (which may include specifications regarding equipment,

signs, fixtures, inventory, supplies, materials, and other matters), and (iv) Natural Pilates Franchise's list of Vendors.

(c) Pre-Opening Training. Natural Pilates Franchise shall make available its standard pre-opening training to the Principal Executive, one studio manager and lead instructor or up to six people, at Natural Pilates Franchise's headquarters and/or at a Natural Pilates business designated by Natural Pilates Franchise. Natural Pilates Franchise shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Natural Pilates Franchise reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. Natural Pilates Franchise shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. Natural Pilates Franchise shall have a representative to support Franchisee's Business opening with one week of onsite opening training and assistance.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, Natural Pilates Franchise will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's Business, and resolving operating problems Franchisee encounters, to the extent Natural Pilates Franchise deems reasonable. If Natural Pilates Franchise provides in-person support in response to Franchisee's request, Natural Pilates Franchise may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Natural Pilates Franchise will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Natural Pilates Franchise will provide Franchisee with Natural Pilates Franchise's recommended administrative, bookkeeping, accounting, and inventory control procedures. Natural Pilates Franchise may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Natural Pilates Franchise shall manage the Brand Fund.

(e) Internet. Natural Pilates Franchise shall maintain a website for Natural Pilates, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory.

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Information. Franchisee shall submit its proposed Location to Natural Pilates Franchise for acceptance, with all related information Natural Pilates Franchise may request. If

Natural Pilates Franchise does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When Natural Pilates Franchise accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 1 which states the Location and Territory. Natural Pilates Franchise shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document. If Natural Pilates Franchise fails to state the Territory in writing within 60 days after Franchisee opens the Business to the public, the Territory will be deemed to be the zip code where the franchised business is located and the immediately surrounding zip codes where the total population is 50,000.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by Natural Pilates Franchise, Franchisee must submit the proposed lease to Natural Pilates Franchise for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the Term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by Natural Pilates Franchise.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with Natural Pilates Franchise's System Standards. If required by Natural Pilates Franchise, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Natural Pilates Franchise's approval of Franchisee's plans. Natural Pilates Franchise may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Natural Pilates Franchise or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and Natural Pilates Franchise assumes no liability with respect thereto. Franchisee is responsible to pull permits for construction necessary for the market where franchised business is located. Natural Pilates Franchise's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

6.4 New Franchisee Training. Franchisee's Principal Executive, one studio manager and lead instructor or up to six people must complete Natural Pilates Franchise's training program for new franchisees to Natural Pilates Franchise's satisfaction at least four weeks before opening the Business.

6.5 Conditions to Opening. Franchisee shall notify Natural Pilates Franchise at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Natural Pilates Franchise has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of Natural Pilates Franchise's required pre-opening training; and (7) Natural Pilates Franchise has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Information.

ARTICLE 7. OPERATIONS

7.1 Compliance with Brand Standards Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Brand Standards Manual and with all other System Standards.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Natural Pilates Franchise in the Brand Standards Manual or otherwise in writing and which meet our System Standards ("Approved Products and Services"). Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by Natural Pilates Franchise, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall provide all Approved Products and Services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee may not advertise, offer for sale, or sell, any products and/or services other than the Approved Products and Services. Natural Pilates Franchisee may modify or change the Approved Products and Services at any time in their sole discretion.

7.4 Prices. Franchisee acknowledges that the System Standards determined by Natural Pilates Franchise may include the minimum, maximum, and/or exact prices that franchisees may charge for any products or services sold (except to the extent such authority is limited or prohibited by applicable law). If Franchisor is prohibited by applicable law from determining any price, it may refuse to allow Franchisee to advertise any price for the same product or service other than Franchisor's determined price.

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Principal Executive or a general manager who has completed Natural Pilates Franchise's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Brand Standards Manual.

(d) Qualifications. Natural Pilates Franchise may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Natural Pilates Franchise are not joint employers, and no employee of Franchisee will be an agent or employee of Natural Pilates Franchise. Within seven days of Natural Pilates Franchise's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not Natural Pilates Franchise) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, timecards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

7.6 Post-Opening Training. Natural Pilates Franchise may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Natural Pilates Franchise. Natural Pilates Franchise may charge a reasonable fee for any training programs. Natural Pilates Franchise may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses. Franchisee may submit to Natural Pilates Franchise a proposal for a new training and class program. Natural Pilates Franchise will review and research the program as a potential addition to the System. Natural Pilates Franchise may charge its then-current fee for the time-spent analyzing a new class or program.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Natural Pilates Franchise. Franchisee shall enter into any subscription and support agreements that Natural Pilates Franchise may require. Franchisee shall upgrade, update, or replace any software from time to time as Natural Pilates Franchise may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Natural Pilates Franchise unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Natural Pilates Franchise.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. Natural Pilates Franchise may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Natural Pilates Franchise may require Franchisee to reimburse Natural Pilates Franchise for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by Natural Pilates Franchise for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Natural Pilates Franchise shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Natural Pilates Franchise for such programs. Natural Pilates Franchise may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by Natural Pilates Franchise (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Natural Pilates Franchise. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Gift Cards, Loyalty Programs, and Incentive Programs. At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Natural Pilates Franchise, in the manner specified by Natural Pilates Franchise in the Brand Standards Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Natural Pilates Business. Franchisee shall comply with all procedures and specifications of Natural Pilates Franchise related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

7.12 Maintenance and Repair. Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Natural Pilates Franchise may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair. Franchisee will be required to keep the equipment up to date and run a regular maintenance routine every six months.

7.13 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Natural Pilates Franchise may require Franchisee to undertake and complete a Remodel of the Location to Natural Pilates Franchise's satisfaction. Franchisee must complete the Remodel in the time frame specified by Natural Pilates Franchise. Natural Pilates Franchise may require the Franchisee to submit plans for Natural Pilates Franchise's reasonable approval prior to commencing a required Remodel. Natural Pilates Franchise's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the Term (except that a Remodel may be required as a condition to renewal of the Term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.14 Meetings. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Natural Pilates Franchise requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.15 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Natural Pilates Franchise in the Brand Standards Manual. If not specified in the Brand Standards Manual, Franchisee shall maintain at least the following insurance coverage:

(i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);

(ii) Business interruption insurance covering at least 12 months of income;

(iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $3,000,000 aggregate limit;

(iv) Professional Liability Insurance coverage of $1,000,000;

(v) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and

(vi) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list Natural Pilates Franchise and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Natural Pilates Franchise and its affiliates, (3) be primary and non-contributing with any insurance carried by Natural Pilates Franchise or its affiliates, and (4) stipulate that Natural Pilates Franchise shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Natural Pilates Franchise prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Natural Pilates Franchise.

7.16 Payments to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.17 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Natural Pilates, the Business, or any particular incident or occurrence related to the Business, without Natural Pilates Franchise's prior written approval, which will not be unreasonably withheld.

7.18 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Natural Pilates Franchise's prior written approval, which will not be unreasonably withheld.

7.19 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Location other than operation of the Natural Pilates Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Natural Pilates businesses.

7.20 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Natural Pilates Franchise, which will not be unreasonably withheld.

7.21 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Natural Pilates Franchise. Franchisee must display the Business signage prescribed by Natural Pilates Franchise identifying the Location as an independently owned franchise.

7.22 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Natural Pilates Franchise. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by Natural Pilates Franchise from time to time in accordance with System Standards. Natural Pilates Franchise may require Franchisee to purchase or lease any Inputs from Natural Pilates Franchise, Natural Pilates Franchise's designee, Vendors, and/or under Natural Pilates Franchise's specifications. Natural Pilates Franchise may change any such requirement or change the status of any Vendor. To make such requirement or change effective, Natural Pilates Franchise shall issue the appropriate System Standards.

8.2 Alternate Vendor Approval. If Natural Pilates Franchise requires Franchisee to purchase a particular Input only from a Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Natural Pilates Franchise. Natural Pilates Franchise may condition its approval on such criteria as Natural Pilates Franchise deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Natural Pilates Franchise will typically provide Franchisee a decision within 30 days after receipt of Franchisee's request for a proposed new vendor, but if Natural Pilates Franchise does not provide a decision within that period, the request is deemed to have been denied.

8.3 Alternate Input Approval. If Natural Pilates Franchise requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Natural Pilates Franchise. Natural Pilates Franchise will typically provide Franchisee a decision within 30 days after receipt of Franchisee's request for a proposed new Input, but if

Natural Pilates Franchise does not provide a decision within that period, the request is deemed to have been denied.

8.4 Purchasing. Natural Pilates Franchise may negotiate prices and terms with vendors on behalf of the System. Natural Pilates Franchise may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Natural Pilates Franchise has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Natural Pilates Franchise may implement a centralized purchasing system. Natural Pilates Franchise may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Natural Pilates Franchise may determine.

8.5 No Liability of Franchisor. Natural Pilates Franchise shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If Natural Pilates Franchise or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Natural Pilates Franchise or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Approval and Implementation. Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by Natural Pilates Franchise. Natural Pilates Franchise may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, including any social media policy that Natural Pilates Franchise may prescribe. Franchisee must submit samples of all advertising and promotional materials for any media, including the Internet or otherwise. Franchisee shall implement any marketing plans or campaigns determined by Natural Pilates Franchise.

9.2 Use by Natural Pilates Franchise. Natural Pilates Franchise may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Natural Pilates Franchise for such purpose.

9.3 Brand Fund. Natural Pilates Franchise may establish a Brand Fund to promote the System on a local, regional, national, and/or international level. If Natural Pilates Franchise has established a Brand Fund:

(a) Separate Account. Natural Pilates Franchise shall hold the Brand Fund Contributions from all franchisees in one or more bank accounts separate from Natural Pilates Franchise's other accounts.

(b) Use. Natural Pilates Franchise shall use the Brand Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Natural Pilates Franchise reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Fund (including the compensation of Natural Pilates Franchise's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Brand Fund).

(c) Discretion. Franchisee agrees that expenditures from the Brand Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Brand Fund will be spent at Natural Pilates Franchise's sole discretion, and Natural Pilates Franchise has no fiduciary duty with regard to the Brand Fund.

(d) Contribution by Other Outlets. Natural Pilates Franchise is not obligated to (i) have all other Natural Pilates Businesses (whether owned by other franchisees or by Natural Pilates Franchise or its affiliates) contribute to the Brand Fund, or (ii) have other Natural Pilates Businesses that do contribute to the Brand Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Natural Pilates Franchise may accumulate funds in the Brand Fund and carry the balance over to subsequent years. If the Brand Fund operates at a deficit or requires additional funds at any time, Natural Pilates Franchise may loan such funds to the Brand Fund on reasonable terms.

(f) Financial Statement. Natural Pilates Franchise is not obligated to audit the Brand Fund's financial statements, but it will prepare an unaudited annual accounting of the collections and expenditure of the Brand Fund within 120 days of the close of Natural Pilates Franchise's fiscal year and will provide the accounting to Franchisee upon its written request.

9.4 Market Cooperatives. Natural Pilates Franchise may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the Term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. Natural Pilates Franchise shall not require Franchisee to be a member of more than one Market Cooperative. If Natural Pilates Franchise establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner and shall commence operations on a date determined by Natural Pilates Franchise. Natural Pilates Franchise may require the Market Cooperative to adopt bylaws or regulations prepared by Natural Pilates Franchise. Unless otherwise specified by Natural Pilates Franchise, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Natural Pilates Franchise will be entitled to attend and participate in any meeting of a Market Cooperative. Any Natural Pilates Business owned by Natural Pilates Franchise in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each owner of a Natural Pilates Business will be entitled to cast one vote for each Natural Pilates Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Natural Pilates Franchise may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Natural Pilates Franchise's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Natural Pilates Franchise pursuant to Section 9.1. Natural Pilates Franchise may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only Natural Pilates Franchise will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Natural Pilates Franchise may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Brand Fund.

9.5 Required Spending. Franchisee shall spend at least 4% of Gross Sales each month on marketing the Business. Upon request of Natural Pilates Franchise, Franchisee shall furnish proof of its compliance with this Section. Natural Pilates Franchise has the sole discretion to determine what activities constitute "marketing" under this Section. Natural Pilates Franchise may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.6 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain Natural Pilates Franchise's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

9.7 Required Marketing Cap. Franchisee agrees that Franchisor may, in its discretion from time to time, change the amount of the Franchisee's Brand Fund Contributions and the minimum amount Franchisee must spend on marketing the Business locally (the "Required Marketing"), provided that Franchisor may not require that Franchisee to spend, in the aggregate, more than 5% of the Gross Sales of the Business on Required Marketing ("Required Marketing Cap").

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as Natural Pilates Franchise may specify in the Brand Standards Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Natural Pilates Franchise may require in the Brand Standards Manual or otherwise in writing, including:

(i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Natural Pilates Franchise's fiscal year; and

(iii) any information Natural Pilates Franchise requests in order to prepare a financial performance representation for Natural Pilates Franchise's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Natural Pilates Franchise of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Natural Pilates Franchise may request.

(c) Government Inspections. Franchisee shall give Natural Pilates Franchise copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Natural Pilates Franchise such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Brand Standards Manual or that Natural Pilates Franchise may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to Natural Pilates Franchise a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Natural Pilates

Franchise's franchise disclosure document and with such other information as Natural Pilates Franchise may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Natural Pilates Franchise may specify in the Brand Standards Manual or otherwise in writing.

10.5 Records Audit. Natural Pilates Franchise may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Natural Pilates Franchise may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Natural Pilates Franchise. Franchisee shall also reimburse Natural Pilates Franchise for all costs and expenses of the examination or audit if (i) Natural Pilates Franchise conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Brand Standards Manual; Modification. The Brand Standards Manual, and any part of the Brand Standards Manual, may be in any form or media determined by Natural Pilates Franchise. Natural Pilates Franchise may supplement, revise, or modify the Brand Standards Manual, and Natural Pilates Franchise may change, add or delete System Standards at any time in its discretion. Natural Pilates Franchise may inform Franchisee thereof by any method that Natural Pilates Franchise deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Brand Standards Manual, Natural Pilates Franchise's master copy will control.

11.2 Inspections. Natural Pilates Franchise may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Natural Pilates Franchise's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Natural Pilates Franchise may observe through video and/or take photographs of the inspection and the Business. Natural Pilates Franchise may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Natural Pilates Franchise's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Natural Pilates Franchise conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Natural Pilates Franchise may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 Natural Pilates Franchise's Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, Natural Pilates Franchise may (but has no obligation to) take any

action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Natural Pilates Franchise for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, Natural Pilates Franchise may (i) require that Franchisee pay cash on delivery for Approved Products and Services supplied by Natural Pilates Franchise, (ii) stop selling or providing any Approved Products and Services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Natural Pilates Franchise shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Natural Pilates Franchise are in addition to any other right or remedy available to Natural Pilates Franchise.

11.5 Business Data. All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Natural Pilates Franchise. Natural Pilates Franchise hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the Term of this Agreement.

11.6 Innovations. Franchisee shall disclose to Natural Pilates Franchise all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. Natural Pilates Franchise will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Natural Pilates Franchise to document Natural Pilates Franchise's ownership of Innovations.

11.7 Communication Systems. Franchisee will be required to use a Natural Pilates Franchise email accounts and will be required to pay for email account access. Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Natural Pilates Franchise to access such communications.

11.8 Delegation. Natural Pilates Franchise may delegate any duty or obligation of Natural Pilates Franchise under this Agreement to an affiliate or to a third party.

11.9 System Variations. Natural Pilates Franchise may vary or waive any System Standard for any one or more Natural Pilates franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 Temporary Public Safety Closure. If Natural Pilates Franchise discovers or becomes aware of any aspect of the Business which, in Natural Pilates Franchise's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Natural Pilates Franchise's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Natural Pilates Franchise shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Natural Pilates Franchise, and only in the manner as Natural Pilates Franchise may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Natural Pilates Franchise.

12.2 Change of Marks. Natural Pilates Franchise may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Natural Pilates Franchise makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Natural Pilates Franchise shall defend Franchisee (at Natural Pilates Franchise's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) Natural Pilates Franchise will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Natural Pilates Franchise if Franchisee becomes aware of any possible infringement of a Mark by a third party. Natural Pilates Franchise may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Natural Pilates Franchise shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the words "Natural Pilates" or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Natural Pilates Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Natural Pilates Franchise, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the Term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Natural Pilates Franchise (except for Confidential Information which Natural Pilates Franchise licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the Term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other Natural Pilates business operating on the date of termination or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and the territory of any other Natural Pilates Business operating on the date of termination.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Natural Pilates Franchise. Franchisee agrees that the existence of any claim it may have against Natural Pilates Franchise shall not constitute a defense to the enforcement by Natural Pilates Franchise of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by Natural Pilates Franchise, Franchisee will cause its general manager and other key employees to sign Natural Pilates Franchise's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if Natural Pilates Franchise violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Natural Pilates Franchise receives written notice of termination.

14.2 Termination by Natural Pilates Franchise.

(a) Subject to 10-Day Cure Period. Natural Pilates Franchise may terminate this Agreement if Franchisee does not make any payment to Natural Pilates Franchise when due, or if Franchisee does not have sufficient funds in its account when Natural Pilates Franchise attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Natural Pilates Franchise gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to Natural Pilates Franchise's satisfaction within 30 days after Natural Pilates Franchise gives notice to Franchisee of such breach, then Natural Pilates Franchise may terminate this Agreement.

(c) Without Cure Period. Natural Pilates Franchise may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Natural Pilates Franchise;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Information;

(v) Franchisee loses possession of the Location;

(vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

(viii) Franchisee or any Owner slanders or libels Natural Pilates Franchise or any of its employees, directors, or officers;

(ix) Franchisee refuses to cooperate with or permit any audit or inspection by Natural Pilates Franchise or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;

(x) the Business is operated in a manner which, in Natural Pilates Franchise's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from Natural Pilates Franchise or otherwise);

(xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xii) Natural Pilates Franchise (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give Natural Pilates Franchise the right to terminate this Agreement);

(xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or

(xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Natural Pilates Franchise's opinion is reasonably likely to materially and unfavorably affect the Natural Pilates brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to Natural Pilates Franchise based on the operation of the Business through the effective date of termination or expiration;

(ii) return to Natural Pilates Franchise all copies of the Brand Standards Manual, Confidential Information and any and all other materials provided by Natural Pilates Franchise to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Natural Pilates Franchise or any new franchisee as may be directed by Natural Pilates Franchise, and Franchisee hereby irrevocably appoints Natural Pilates Franchise, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Natural Pilates Business, to the reasonable satisfaction of Natural Pilates

Franchise. Franchisee shall comply with any reasonable instructions and procedures of Natural Pilates Franchise for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Natural Pilates Franchise may enter the Location to remove the Marks and de-identify the Location. In this event, Natural Pilates Franchise will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Natural Pilates Franchise.

14.5 Liquidated Damages. If Natural Pilates Franchise terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Natural Pilates Franchise a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Brand Fund Contributions that Franchisee owed to Natural Pilates Franchise under this Agreement for the 12-month period preceding the date on which Franchisee ceased operating the Business; multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current Term of this Agreement. If Franchisee had not operated the Business for at least 12 months, then (x) will equal the average Royalty Fees and Brand Fund Contributions that Franchisee owed to Natural Pilates Franchise during the period that Franchisee operated the Business. The "average Royalty Fees and Brand Fund Contributions that Franchisee owed to Natural Pilates Franchise" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Brand Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Natural Pilates Franchise's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Natural Pilates Franchise under this Section will be in lieu of any direct monetary damages that Natural Pilates Franchise may incur as a result of Natural Pilates Franchise's loss of Royalty Fees and Brand Fund Contributions that would have been owed to Natural Pilates Franchise after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Natural Pilates Franchise's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Natural Pilates Franchise is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Natural Pilates Franchise may have under this Agreement or otherwise.

14.6 Purchase Option. When this Agreement expires or is terminated, Natural Pilates Franchise will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Natural Pilates Franchise. To exercise this option, Natural Pilates Franchise must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that Natural Pilates Franchise elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Natural Pilates Franchise's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other

commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. Natural Pilates Franchise may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Natural Pilates Franchise. If Natural Pilates Franchise exercises the purchase option, Natural Pilates Franchise may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Natural Pilates Franchise to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Natural Pilates Franchise may pay a portion of the purchase price directly to the lienholder to pay off such lien. Natural Pilates Franchise may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. Natural Pilates Franchise may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By Natural Pilates Franchise. Natural Pilates Franchise may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Natural Pilates Franchise may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Natural Pilates Franchise entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing Natural Pilates Franchise at least 60 days prior notice of the proposed Transfer, and without obtaining Natural Pilates Franchise's consent. In granting any such consent, Natural Pilates Franchise may impose conditions, including, without limitation, the following:

(i) Natural Pilates Franchise receives a transfer fee equal to $10,000 plus any broker fees and other out-of-pocket costs incurred by Natural Pilates Franchise;

(ii) the proposed assignee and its owners have completed Natural Pilates Franchise's franchise application processes, meet Natural Pilates Franchise's then-applicable standards for new franchisees, and have been approved by Natural Pilates Franchise as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes Natural Pilates Franchise's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);

(v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;

(vi) Franchisee has paid all monetary obligations to Natural Pilates Franchise and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and

Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Natural Pilates Franchise or its affiliates;

(vii) the proposed assignee and its owners and employees undergo such training as Natural Pilates Franchise may require;

(viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Natural Pilates Franchise in a form satisfactory to Natural Pilates Franchise; and

(ix) the Business fully complies with all of Natural Pilates Franchise's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Natural Pilates Franchise, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Natural Pilates Franchise, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Natural Pilates Franchise (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 Natural Pilates Franchise's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), Natural Pilates Franchise will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Natural Pilates Franchise a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Natural Pilates Franchise's receipt of such copy, Natural Pilates Franchise will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that Natural Pilates Franchise may substitute cash for any other form of payment). If Natural Pilates Franchise does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to Natural Pilates Franchise) Natural Pilates Franchise, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against, and to reimburse any one or more of the Indemnitees for, all Losses in any Action by or against Natural Pilates Franchise and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c) and (d), all controversies, disputes, or claims between Natural Pilates Franchise and any of its affiliates, and Natural Pilates Franchise and their respective owners, officers, directors, agents, and employees, on the one hand, and Franchisee (and Franchisee's owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between Natural Pilates Franchise and Franchisee (or any of Franchisee's owners) and Natural Pilates Franchise (or any of Natural Pilates Franchise's affiliates); (2) Natural Pilates Franchise's relationship with Franchisee; (3) the scope or validity of this Agreement or any other agreement between Natural Pilates Franchise (or any of Franchisee's owners) and Natural Pilates Franchise (or any of Natural Pilate Franchise's affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which Natural Pilates Franchise and Franchisee acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standards, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. 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.

(b) Location. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of Natural Pilates Franchise or, as applicable, Natural Pilates

Franchise's successor's or assign's then current principal place of business (currently, Beverly Hills, California).

(c) Injunctive Relief. Nothing in this Agreement, bars Natural Pilates Franchise's right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause Natural Pilates Franchise, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. Franchisee agrees that Natural Pilates Franchise may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. Franchisee agrees that they will not be required to post a bond to obtain injunctive relief and that their only remedy if an injunction is entered against them will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of Natural Pilates Franchise's intellectual property rights in a court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Natural Pilates Franchise to comply with laws and regulations applicable to the sale of franchises.

(f) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, Natural Pilates Franchise and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

(g) Time Limitations. The parties agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. The parties 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 Natural Pilates Franchise or Franchisee.

(h) Document Requests. Natural Pilates Franchise and Franchisee agree that, in any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain and shall not include broad phraseology such as "all documents directly or indirectly related to." Natural Pilates Franchise and Franchisee further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

(i) Binding. The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement. Any provisions in this Agreement that pertain to judicial proceedings shall be subject to the agreement to arbitrate as contained in this Article 17.

17.2 Damages. 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 Natural Pilates Franchise or its affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (Natural Pilates Franchise and Franchisee hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

17.3 Waiver of Class Actions. THE PARTIES AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT A PROCEEDING REQUIRED UNDER THIS SECTION TO BE SUBMITTED TO ARBITRATION 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 YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of these terms.

17.4 Limitation of Claims

UNLESS PROHIBITED BY APPLICABLE LAW, EXCEPT FOR CLAIMS ARISING FROM FRANCHISEE'S NON PAYMENT OR UNDERPAYMENT OF AMOUNTS FRANCHISEE OWES NATURAL PILATES FRANCHISE, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THE AGREEMENT OR NATURAL PILATES FRANCHISE'S RELATIONSHIP WITH FRANCHISEE WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THESE TERMS WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. The parties understand that such time limit might be shorter than otherwise allowed by law. Franchisee and their owners agree that their sole recourse for claims arising between the parties shall be against Natural Pilates Franchise and its successors and assigns. Franchisee and its owners agree that Natural Pilates Franchise and its affiliates' members, managers, owners, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between Natural Pilates and its affiliates and Franchisee and its owners.

THE PARTIES AGREE THAT ANY PROCEEDING DESCRIBED IN ARTICLE 17 WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND 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 YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Section. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Section.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where Natural Pilates Franchise's successor's or assign's then current principal place of business (currently, Beverly Hills, California). If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Natural Pilates Franchise's successor's or assign's then current principal place of business (currently, Beverly Hills, California). Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

17.6 Legal Costs. The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs, and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

17.7 Waiver of Punitive Damages and Jury Trial. Except for your obligation to indemnify Natural Pilates Franchise for third party claims under Section 16.1, Natural Pilates Franchise and Franchisee (and Franchisee's owners) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between Natural Pilates Franchise and Franchisee, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. Natural Pilates Franchise and Franchisee irrevocably waive trial by jury in any action or proceeding brought by either party.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Natural Pilates Franchise is not a fiduciary of Franchisee. Natural Pilates Franchise does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Natural Pilates Franchise's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Natural Pilates Franchise has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Natural Pilates Franchise, and Natural Pilates Franchise's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Natural Pilates Franchise in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Natural Pilates Franchise's rights to modify the Brand Standards Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, the Agreement or any related agreement, and all claims arising from the relationship between Natural Pilates Franchise (or any of its affiliates, and their respective owners, officers, directors, agents, representatives, and employees) and Franchisee (and its owners, guarantors, affiliates, and employees) will be governed by the laws of the State of California, without regard to its conflict of laws rules, except that (1) any state law regulating the offer or 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, and (2) the enforceability of those provisions of this Agreement which relate to restrictions on Franchisee and their owners' competitive activities will be governed by the laws of the state in which Franchisee's Natural Pilates Business is located.

18.9 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Information; and (B) if to Natural Pilates Franchise, addressed to 9903 Santa Monica Blvd, Box 619 Beverly Hills, CA 90212. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be

effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Natural Pilates Franchise may amend the Brand Standards Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.10 Holdover. If Franchisee continues operating the Business after the expiration of the Term without a renewal agreement or successor franchise agreement executed by the parties in accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), Natural Pilates Franchise may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as Natural Pilates Franchise specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

18.11 Joint and Several Liability. If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

18.12 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by Natural Pilates Franchise does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Natural Pilates Franchise.

Agreed to by:

FRANCHISOR:

NATURAL PILATES FRANCHISE, LLC:	FRANCHISEE:
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

NEW YORK RIDER TO FRANCHISE AGREEMENT

This Rider amends the Franchise Agreement dated _____ (the "Agreement"), between Natural Pilates Franchise, LLC, a Wyoming Limited Liability Company ("Natural Pilates Franchise") and _____, a _____ _____ ("Franchisee").

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

2. Background. Natural Pilates Franchise and Franchisee are parties to that certain Franchise Agreement dated _____, (the "Franchise Agreement"). This Rider supersedes any inconsistent or conflicting provisions of the Franchise Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in the State of New York and the Business that Franchisee will operate under the Franchise Agreement will be located in State of New York, and/or (b) the offer to sell the franchise for Franchisee's Business was made or accepted in the State of New York.

3. Transfers. The following sentence is added to the end of Section 15.2 ("Transfer – By Franchisee") of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Natural Pilates Franchisee's good faith judgment, is willing and financially able to assume Natural Pilates Franchisee's obligations under this Agreement

4. Releases. The following language is added to the end of Section 3.2 ("Term – Successor Agreement"), Section 15.2 (Transfers – By Franchisee"), and Section 18.10 ("Holdover") of the Franchise Agreement

Notwithstanding of 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 687.5, as amended.

5. Termination. The following sentence is added to the end of 14.1 ("Termination – By Franchisee") 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.

6. Venue; Governing Law. The following sentence is added to the end of 17.1 ("Arbitration"), 17.5 ("Venue Other Than Arbitration"), and 18.8 ("Governing Law") 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 State 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.

FRANCHISOR:	FRANCHISEE:
NATURAL PILATES FRANCHISE, LLC	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____
(*This is the Effective Date)	

Attachment 1 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: _____

This Location Acceptance Letter is issued by Natural Pilates Franchise, LLC for your Natural Pilates franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

_____

2. The Territory of the Business is:

_____

NATURAL PILATES FRANCHISE, LLC

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

Attachment 2 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of Natural Pilates Franchise, LLC, a Wyoming Limited Liability Company ("Natural Pilates Franchise").

Background Statement: _____ ("Franchisee") desires to enter into a Franchise Agreement with Natural Pilates Franchise for the franchise of a Natural Pilates Business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Natural Pilates Franchise to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to Natural Pilates Franchise and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Natural Pilates Franchise, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Natural Pilates Franchise upon demand from Natural Pilates Franchise. Guarantor waives (a) acceptance and notice of acceptance by Natural Pilates Franchise of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Natural Pilates Franchise make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Natural Pilates Franchise for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Natural Pilates Franchise, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the Term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Natural Pilates Franchise or its affiliates (except for Confidential Information which Natural Pilates Franchise licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is

Confidential Information belonging to Natural Pilates Franchise. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the Term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee's Territory or the territory of any other Natural Pilates Business operating on the date of termination or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and the territory of any other Natural Pilates business operating on the date of termination.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Natural Pilates Franchise. Guarantor agrees that the existence of any claim it or Franchisee may have against Natural Pilates Franchise shall not constitute a defense to the enforcement by Natural Pilates Franchise of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Natural Pilates Franchise may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of California (without giving effect to its principles of conflicts of law). The parties agree that any California law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply, including the obligation to submit disputes to arbitration, and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Natural Pilates Franchise all costs incurred by Natural Pilates Franchise (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability. Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and 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.

IN WITNESS WHEREOF, the undersigned parties have executed this Addendum, effective as of the date first above written.

GUARANTOR(S)	SPOUSE(S)
Name:_____ Sign: _____ Address: _____ _____ _____	Name:_____ Sign: _____ Address: _____ _____ _____
Name**:**_____ Sign: _____ Address: _____ _____ _____	Name**:**_____ Sign: _____ Address: _____ _____ _____

Attachment 3 to Franchise Agreement

ADDENDUM TO LEASE AGREEMENT

This Lease Addendum (this "**Addendum**") modifies and forms an integral part of the lease between the Landlord and Tenant identified in the signature blocks below (the "**Lease**") and to which the Premises identified below are subject. Terms used but not defined in this Addendum have the meanings given to them in the Lease. This Addendum will control if its provisions conflict with any provisions of the Lease.

1. Acknowledgement of Tenant as a Franchisee. Landlord acknowledges that Tenant intends to operate a Natural Pilates business (each a "**Natural Pilates Business**") in the Premises and that Tenant's rights to do so are derived from and governed by a franchise agreement (the "**Franchise Agreement**") by and between Tenant and Natural Pilates Franchise, LLC, a Wyoming limited liability company (the "**Franchisor**"). Landlord acknowledges that Tenant's operations at the Premises are independently owned and operated, that Tenant is not an agent, employee or partner of Franchisor, and that Tenant has no authority or power to act for or, in any way, bind Franchisor or any affiliate of Franchisor. Landlord further acknowledges that neither Franchisor nor its affiliates have any obligations under the Lease unless and until the Lease is assigned to them as described herein.

2. Consent to Collateral Assignment of Lease to Franchisor. Landlord acknowledges that, under the Franchise Agreement, Tenant grants Franchisor a security interest in all of Tenant's assets, including its rights under the Lease. In furtherance of the security interest, Landlord consents, without payment of a fee and without need for further Landlord consent, to Tenant's collateral assignment of the Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and to Franchisor's or its affiliate's succeeding to Tenant's interest in the Lease by mutual agreement of Franchisor and Tenant, or as a result of Franchisor's exercise of rights and remedies under such collateral assignment, provided that Franchisor will provide Landlord with prior written notice of the assignment and assumption. Landlord further agrees that all unexercised renewal or extension rights and other rights stated in the Lease to be personal to Tenant shall not be terminated in the event of any assignment referenced herein, but rather inure to the benefit of the applicable assignee.

3. Franchisor's Cure Rights Prior to exercising any remedies under the Lease (except in case of imminent danger to the Premises), Landlord shall give Franchisor written notice of Tenant's default of the Lease, and Franchisor may, at its option, cure such default within 15 days after the later of its receipt of Landlord's notice of default or the end of Tenant's cure period to do so. Landlord agrees to accept cure tendered by Franchisor as if it were tendered by Tenant. Franchisor's address for notices (unless subsequently changed on written notice) is:

Franchisor: Natural Pilates Franchise, LLC
Notice Address: 9903 Santa Monica Blvd,
Box 619 Beverly Hills, CA 90212
Telephone: (310) 623-9013

4. Assignment Rights of Franchisor and Affiliates. Tenant shall have the right, with prior written notice to Landlord but without the need for its consent or payment of any fees, to assign all of its right, title and interest in the Lease to Franchisor, to an affiliate of Franchisor, or to another Natural Pilates franchisee. If Franchisor or its affiliates accept assignment of the Lease, it will have the same rights as Tenant to further assign the Lease to another Natural Pilates franchisee. Each assignment will be effective upon the assignee's providing Landlord written notice of its acceptance of the assignment (the "**Assignment Notice**"). Landlord will recognize the assignee as the lessee of the Premises effective as of the date of the Assignment Notice. Furthermore, if Franchisor or its affiliate takes assignment of the Lease, it shall be entitled to retain any excess rent if it subsequently assigns the Lease to another Natural Pilates franchisee. If Franchisor or its affiliate should lawfully assume the Lease, then, for as long as Franchisor or its affiliate is the tenant thereunder, none of the following shall constitute an assignment, transfer, or change of control requiring Landlord's consent under the Lease: (i) the transfer of equity interests among its or any direct or indirect parent's existing owners, to or among family

members, or to trusts for the benefit of any of such parties, (ii) the transfer of equity interests in connection with a public offering or once an entity is a public company, or (iii) any change in the members of the board of managers, directors, management or organization of Tenant or any affiliate thereof.

5. Radius and Relocation Clauses Ineffective. Landlord acknowledges that, under the Franchise Agreement, the premises from which the franchisee is authorized to operate its Natural Pilates Business and the lease to which such premises are subject must be approved by Franchisor. Franchisor's approvals of the Premises and the Lease in this instance are specific to the Premises and Lease. Further, Franchisor does not allow its franchisees to agree to limitations on Franchisor's ability to expand its system as it determines to be appropriate. Therefore, any provisions of the Lease that allow Landlord to require the relocation of Tenant's Natural Pilates Business or that restrict where another Natural Pilates Business may be located are deemed deleted and of no force or effect.

6. Franchisor's Right to Assume Management. Landlord acknowledges that, under the Franchise Agreement, Franchisor or its appointee has the right to assume the management and operation of Tenant's business, on Tenant's behalf, if Tenant abandons its operations, Tenant fails to timely cure its default of the Franchise Agreement, and while Franchisor evaluates its right to purchase the Natural Pilates Business. Landlord agrees that Franchisor's or its appointee's temporary assumption of management of Tenant's Natural Pilates Business as permitted under the Franchise Agreement shall not, in itself, constitute a breach or assumption of the Lease.

7. Fixtures and Signage. 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 as described in the Franchise Agreement. Landlord agrees that, upon the expiration or earlier termination of this Lease or the Franchise Agreement, Franchisor or its designee may, at Franchisor's costs, enter upon the Premises for the purpose of removing signs and other material bearing Franchisor's name or trademarks, service marks or other commercial symbols, provided such party repairs any damage caused by such removal and otherwise complies with Landlord's reasonable requirements with respect to such access.

8. Estoppel Certificate. Landlord shall, no more than once per year, within 30 days after written request by Franchisor, deliver to Franchisor a written certification, in a form reasonably satisfactory to Franchisor: (i) that the Lease is unmodified and in full force and effect (or, if modified, describing the nature of such modification); (ii) as to the dates to which the rent and other charges arising under the Lease have been paid; (iii) as to the amount of any prepaid rent, security deposit held, or any credit due to Tenant under the Lease, (iv) the commencement date of the Lease; (v) as to whether, to the best of its knowledge, information and belief of Landlord, Landlord or Tenant is then in default in performing any of its obligations under the Lease (and, if so, specifying the nature of such default); and (vi) as to any other fact or condition reasonably requested by Franchisor.

9. Copies of Reports. Landlord agrees to provide copies of all revenue and other information, and data provided by Tenant related to the operation of Tenant's Natural Pilates Business, as Franchisor may request, during the term of the Lease.

10. Third Party Beneficiary. Franchisor shall (and shall be deemed to) constitute a third-party beneficiary of the Lease (including, without limitation, this Addendum) and, as a result thereof, have all rights (but not the obligation) to enforce the same.

11. Amendments. Tenant agrees that the Lease may not be terminated, modified or amended without Franchisor's prior written consent, nor shall Landlord accept surrender of the Premises without Franchisor's prior written consent, which will not be unreasonably withheld. Franchisor will have 15 days after receipt of written notice describing any such proposed action to respond, failing which, Franchisor's consent will be deemed to have been withheld.

12. Miscellaneous. Those parts of the Lease that are not expressly modified by this Addendum remain in full force and effect. This Addendum may be executed in one or more counterparts, each of which shall cumulatively constitute an original. PDF/Faxed signatures of this Addendum shall constitute originals of the same.

[*Signatures Appear on Following Page*]

IN WITNESS WHEREOF, the undersigned parties have executed this Addendum, effective as of the date first above written.

LANDLORD:

[NAME]
[**a / an**] [**STATE**] [**ENTITY TYPE**]

By:_____
Name: _____
Title: _____

TENANT:

[NAME]
[**a / an**] [**STATE**] [**ENTITY TYPE**]

By:_____
Name: _____

Premises: _____

ACKNOWLEDGED AND ACCEPTED:

Natural Pilates Franchise, LLC

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

Attachment 4 to Franchise Agreement

FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of Natural Pilates Franchise, LLC, a Wyoming Limited Liability Company ("Natural Pilates Franchise").

Background Statement: [*describe circumstances of Release*]

Releasor agrees as follows:

1. Release. Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases Franchisor, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, "Claims").

2. Covenant Not to Sue. Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. Miscellaneous. If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

NATURAL PILATES FRANCHISE:	**RELEASOR:**
By: _____	By: _____
Its: _____	Its: _____
Date:_____	Date: _____

EXHIBIT C

MULTI-UNTI DEVELOPMENT AGREEMENT

NATURAL PILATES®

MULTI-UNIT DEVELOPMENT AGREEMENT

Developer: _____

NATURAL PILATES
MULTI-UNIT DEVELOPMENT AGREEMENT

DATA SHEET

1. **Effective Date of Agreement**: _____

2. **Developer:**

Name:	
Address:	
Attention:	
Email Address:	
Phone:	
Type of Entity:	
Date of Formation:	
State of Formation:	
Managing Owner:	

3. **Owners**.

Name	Address	Type of Interest	Percentage Held

4. **Development Fee**. $_____ [(1) $45,000 for the 1st Business plus (2) $40,000 (the "**Dollar Multiplier**") multiplied by (3) the number of Businesses required to be opened pursuant to the Development Schedule, less one.]

5. **Development Area**.

The geographic area within _____, as depicted on the following map:

[insert map]

If the Development Area is identified by counties or other political subdivisions, boundaries will be considered fixed as of the date of the Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

6. **Development Schedule**.

Development Period	**Leases Executed During Development Period***	**Leases Executed by End of Development Period***	**Businesses Opened During Development Period**	**Businesses Operating by End of Development Period**
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____
_____ to _____	_____	_____	_____	_____

* To satisfy this requirement, we must have received, by the end of the Development Period, a fully executed copy of the lease (together with all exhibits) that we have approved in accordance with the applicable Franchise Agreement.

7. **Additional Terms or Modifications to the Agreement**. The following terms, if any, supplement or amend the provisions of the Multi-Unit Development Agreement Terms attached hereto and will control in the event of any conflicts:

   [insert as applicable]

8. **Acknowledgement and Acceptance of Agreement**. By signing below, you represent and warrant to us that the information contained in this Data Sheet is true and correct. The parties, intending to be legally bound, accept and agree that this Data Sheet and the accompanying Multi-Unit Development Agreement Terms (together, the "**Agreement**") describe their respective rights and obligations, and each agrees to be bound thereto and to perform as set forth therein.

NATURAL PILATES FRANCHISE, LLC
a Wyoming limited liability company

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

DEVELOPER:

_____
[Name]

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

NATURAL PILATES

MULTI-UNIT DEVELOPMENT AGREEMENT TERMS

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ATTACHMENT A Guaranty and Assumption of Obligations

NATURAL PILATES

MULTI-UNIT DEVELOPMENT AGREEMENT TERMS

The following Multi-Unit Development Agreement Terms (these "**Terms**") form an integral part of the Agreement between **NATURAL PILATES FRANCHISE, LLC**, a Wyoming limited liability company having its address at 9903 Santa Monica Blvd, Box 619 Beverely Hills, CA 623-9013 ("**us**") and the party signing the attached Data Sheet as the "Developer" ("**you**").

1. PREAMBLES

A. BACKGROUND.

We and our and affiliates have created and own a system for developing and operating fitness studios offering Natural Pilates, an athletic niche approach to classical Pilates choreography with detail and focus on form coupled with level-appropriate resistance to bring muscles to full-body burn creating strength, under the trade name "Natural Pilates." (the "**System**"). The System includes (1) methods, procedures, and standards for developing and operating a Natural Pilates-branded businesses (each a "**Business**"), (2) plans, specifications, equipment, signage and trade dress for Businesses, (3) particular products and services, (4) the trade name and logo Natural Pilates and all other trade names, trademarks, service marks and logos specified by us from time to time for use in your Business (the "**Marks**"), (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by us from time to time.

Based on your own investigation and diligence, you have requested that we grant you the right to acquire multiple franchises (each a "**Franchise**") for the development and operation of Businesses (the "**Development Rights**") and, to support your request, you and, as applicable, your owners have provided us with certain information about your and their background, experience, skills, financial condition and resources (collectively, the "**Application Materials**"). In reliance on, among other things, the Application Materials, we are willing to grant you the Development Rights on the Terms contained in the Agreement.

B. BUSINESS ENTITY.

If you are a business organization such as a corporation, limited liability company or partnership (a "**Business Entity**"), you represent and warrant to us that: (1) you were validly formed and are and will maintain, throughout the Term (defined below) and in each jurisdiction included in the Development Area, your existence, good standing, and qualification to conduct business; (2) the information on the attached Data Sheet is complete and accurate as of the Effective Date; (3) each of your owners that has direct or indirect ownerships of at least 10% of the ownership interests in you (each a "**Principal Owner**") will sign and deliver to us our then-standard form of Guaranty and Assumption of Obligations (the "**Guaranty**"); (4) you will designate, subject to our approval, one of your owners who is a natural person having at least 10% of the ownership interests and voting power in you and who will have the authority of a chief executive officer who is and will be authorized, on your behalf, to deal with us in all matters that arise in respect of your Business; (5) the only business that you will own or operate during the Term will be the activities described in these Terms and the ownership and operation of any Businesses pursuant to franchise agreements with us; and (6) at our request, you will furnish us with true and correct copies of all documents regarding your formation, existence, standing, and governance. Our current form of Guaranty is attached hereto as Attachment A. The non-owner spouse of each guarantor must also sign the Guaranty in the capacity and for the purposes reflected in the Guaranty.

C. YOUR LIQUIDITY.

Our decision to grant you the Development Rights is based, in part, on your representations to us regarding, and our assessment of, your liquidity as of the Effective Date. You will ensure that, throughout the

Term, you will maintain sufficient liquidity to meet your obligations under the Agreement. We reserve the right to establish and modify specific liquidity thresholds from time to time, and you agree to comply with such minimum liquidity requirements that we reasonably impose.

2. THE DEVELOPMENT RIGHTS.

A. GRANT.

We hereby grant you the Development Rights, which must be exercised in strict compliance with the 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 Business required to be opened in order to satisfy the Development Schedule shown on the attached Data Sheet (the "**Development Schedule**") opens for regular business or (2) the last day of the last Development Period (defined below) of the Development Schedule (the "**Term**"). You accept the grant of the Development Rights and agree to, at all times, faithfully, honestly and diligently perform your obligations under the Agreement and fully exploit the Development Rights during the Term and throughout the entire Development Area identified on the attached Data Sheet (the "**Development Area**"). You must perform all of your obligations under these Terms, and you may not subcontract or delegate any of those obligations to any third parties.

B. DEVELOPMENT AREA AND RESERVATION OF RIGHTS.

The Development Rights may only be exercised for Businesses to be located in the Development Area. As long as you are in compliance with this Agreement and all Franchise Agreements signed pursuant to this Agreement, and except with respect to Special Venue Businesses (defined below), we will not, during the Term, operate or grant the right to anyone else to operate a Business within the Development Area, or grant Development Rights to anyone else to be exercised with your Development Area. A "**Special Venue Business**" is any Business (1) that is located within or as part of a larger venue or facility (a "**Host Facility**"), (2) typically that is operated as an amenity of the Host Facility and has limited views and access from the street, and (3) whose customers are primarily customers, members or residents of the Host Facility and their permitted guests.

For the avoidance of doubt, we reserve for ourselves and our Affiliates all rights not expressly granted to you in these Terms and the right to do all things that we do not expressly agree in these Terms not to do, in each case, without compensation to you, without regard to proximity to your Businesses or Development Area, and on such terms and conditions as we deem appropriate. For example, and without limitation, we and our Affiliates may, ourselves or through authorized third parties:

(1) own and operate, and license others to own and operate, Businesses offering similar or identical products and services and using the System or elements of the System (i) under the Marks anywhere outside of the Development Area and (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Development Area;

(2) develop or become associated with other businesses, including those within the Pilates and fitness industry, and/or award franchises under such other concepts for locations anywhere, including inside and outside of the Development Area, whether or not using the System and/or the Marks, provided that such businesses located in the Development Area are not, during the Term, primarily identified by the Marks;

(3) acquire, be acquired by, merge with, affiliate with, or engage in any transaction with other businesses (whether competitive or not) located anywhere and, even if such businesses are located in the Development Area, (i) convert the other businesses to the Natural Pilates brand, (ii) allow such other businesses to operate as part of the System, whether or not converted to the Natural Pilates brand, and/or (iii) permit the other businesses to continue to operate under another name;

(4) solicit customers, advertise, and authorize others to advertise, and promote sales of and from Businesses anywhere, including within the Development Area; and

(5) using the Marks or other trademarks and commercial symbols, market and sell, and grant to others the right to market and sell, anywhere (including within the Development Area), through other channels of distribution (for example, through the Internet, mail order, e-commerce, catalog sales, and product lines in other retail businesses), any products and services that are or have been authorized for sale at Businesses.

C. DEVELOPMENT SCHEDULE.

Each period described in the Development Schedule is a "**Development Period**." You agree to deliver to us a fully executed lease (or otherwise secure possession of a site), and open and operate Businesses in the Development Area, each pursuant to a written franchise agreement and related agreements signed by us and you or your Affiliate that we approve (each a "**Franchise Agreement**"), each as necessary to satisfy the requirements of each Development Period, but you shall not be required to open, in total, more than the cumulative number of Businesses shown for the last Development Period. The Development Schedule is not our representation, express or implied, that the Development Area can support, or that there are or will be sufficient sites for, the number of Businesses specified in the Development Schedule or during any particular Development Period. We are relying on your knowledge and expertise of the Development Area and your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations under each Development Period of the Development Schedule.

D. LOCATING SITES FOR YOUR BUSINESSES.

Despite any assistance we may provide, you are entirely responsible for locating and presenting to us proposed sites for Businesses in the Development Area as necessary to comply with the Development Schedule (each a "**Site**"). You agree to give us all information and materials we request to assess each proposed Site as well as your or your proposed Affiliate's financial and operational ability to develop and operate a Business at the proposed Site. We have the absolute right to reject any proposed Site or Affiliate (a) that does not meet our criteria or (b) if you or your Affiliates are not then in compliance with any existing Franchise Agreements executed pursuant to these Terms or operating your or their Businesses in compliance with the mandatory specifications, standards, operating procedures and rules that we periodically prescribe for operating Businesses (the "**System Standards**"). We agree to use our reasonable efforts to review and evaluate your proposed Sites within 30 days after we receive all requested information and materials. If we accept a proposed Site, you or your approved Affiliate must sign a separate Franchise Agreement for the Site within 15 days after we provide you with an execution copy of the Franchise Agreement, failing which, we may withdraw our acceptance. Our approval of any proposed Site is entirely for our own purposes and, by approving your Site, we are not representing or guaranteeing that it will perform as you or we expect it to do.

E. EXECUTION OF FRANCHISE AGREEMENTS.

Simultaneously with signing this Agreement, you or an Affiliate we approve must sign and deliver to us a Franchise Agreement and related documents representing the first Franchise you are obligated to acquire under the Agreement. You or your approved Affiliate must then open and operate a Business according to the terms of that Franchise Agreement. Thereafter, once we have accepted a Site, and prior to signing a lease or otherwise securing possession of the Site, you or an Affiliate we approve must sign our then-current form of Franchise Agreement and related documents, the terms of which may differ substantially from the terms contained in the form of Franchise Agreement we are using to grant Franchises on the Effective Date. Each Franchise Agreement will govern the development and operation of the Business at the accepted Site identified therein.

3. DEVELOPMENT FEE.

In addition to paying the Initial Franchise Fee due under the first Franchise Agreement referenced in Section 4.1, you must pay us, on your execution of this Agreement and in consideration of the grant of the Development Rights, a nonrecurring and nonrefundable Development Fee in the amount shown on the attached Data Sheet (the "**Development Fee**"). The Development Fee is fully earned by us when you and we sign this Agreement and is nonrefundable. We will apply the Development Fee as a credit against the initial franchise fee due under each Franchise Agreement (after the first Franchise Agreement) which you or your Affiliates execute pursuant to this Agreement, subject to a maximum credit under any Franchise Agreement equal to the Dollar Multiplier shown on the attached Data Sheet and a maximum credit for all such Franchise Agreements, in the aggregate, equal to the total Development Fee.

4. RECORDS AND REPORTING REQUIREMENTS.

You agree, during the Term, to maintain records regarding your activities in connection with the exercise of the Development Rights and to provide us with the following records and reports:

(1) within 10 days after the end of each month during the Term, you must send us a report of your business activities during that month, including information about your efforts to find Sites for your Businesses in the Development Area and the status of development and projected opening for each Business under development in the Development Area;

(2) within 30 days after the end of each calendar quarter, you must provide us with a balance sheet and profit and loss statement for you and your Affiliates covering that quarter and the year-to-date, and an updated balance sheet for each person or entity signing the Guaranty; and

(3) such other data, reports, information, financial statements, and supporting records as we reasonably request from time to time.

5. TRANSFER.

A. BY US.

We have the right to delegate the performance of any portion or all of our rights and obligations under these Terms to third-party designees. You represent that you have not signed the Agreement in reliance on any particular person or entity remaining with us in any capacity. We may change our ownership or form or assign the Agreement and any other agreement to a third party without restriction.

B. BY YOU OR YOUR OWNERS.

Your rights and duties under the Agreement are personal to you (or your owners if you are a Business Entity), and we have granted you the Development Rights in reliance upon our assessment of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither you nor any of your owners, nor any of your or their permitted successors or assigns, may sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise dispose of or encumber the Agreement (or any direct or indirect interest in the Agreement), the Development Rights, or any direct or indirect ownership interest in you (regardless of its size) (each, a "**Transfer**"), without our prior written consent. Any Transfer without our prior written approval is a material breach of this Agreement and has no effect.

If you intend to list your Development Rights for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement and any advertising materials.

You may not use any Mark in advertising the transfer or sale of your Development Rights or of any ownership in you without our prior written consent.

C. CONDITIONS FOR APPROVAL OF TRANSFER.

We may consider, and you will provide or assist us in compiling, any information we deem necessary or appropriate in connection with our assessment of a proposed Transfer. If we elect to approve a proposed Transfer, we may, at our discretion, condition our approval in any manner we deem necessary and appropriate to protect the Natural Pilates brand and our interests in the System and the Agreement, including any of the following (each of which you agree is reasonable):

(1) you and any person or entity obligated under the Agreement or Guaranty must be in compliance with your or its obligations;

(2) you and the proposed transferee and its owners (if the transferee is a Business Entity) must provide all information and documents we request regarding the Transfer and the proposed transferee and its owners or Affiliates;

(3) you must provide us with executed versions of any documents regarding the proposed Transfer, and all other information we request about the proposed Transfer;

(4) if you or the transferor offers the transferee financing for any part of the purchase price, all of your or the transferee's obligations under promissory notes, agreements, or security interests reserved in the Development Rights must be subordinate to your or the transferee's obligation to pay all amounts due to us, our Affiliates, and third-party vendors and otherwise agree to comply with these Terms and any Franchise Agreements with us);

(5) you (and your owner(s)) must sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, officers, directors, employees and agents;

(6) you (and your transferring owner(s)) (and your or their immediate family members) must sign a non-competition covenant in favor of us, commencing on the effective date of the Transfer and consistent with the post-term non-competition obligations contained in the most recent Franchise Agreement that you or your Affiliates have signed with us;

(7) you must pay all amounts owed to us, our Affiliates, and third-party vendors and must have submitted all required reports and statements under these Terms and any Franchise Agreement with us;

(8) you and your owners must not have violated any provision of these Terms or any other agreement with us or our Affiliates during both the 60-day period before you requested our consent to the Transfer and the period between your request and the effective date of the Transfer;

(9) the transferee, at our request, must sign our then-current form of multi-unit development agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(10) you must pay or cause to be paid to us our then-current Transfer fee (currently, $10,000); and

(11) the Transfer of the 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.

D. EFFECT OF CONSENT TO TRANSFER.

Our consent to a Transfer is not a representation of the fairness of the terms of any contract between you and the transferee, transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with these Terms.

E. PUBLIC OR PRIVATE OFFERINGS.

Written information used to raise or secure funds can reflect upon us and the System. You agree to submit any written information intended to be used for that purpose to us before inclusion in any registration statement, prospectus or similar offering memorandum. Should we object to any reference to us or our Affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are addressed to our satisfaction or withdrawn. You may not engage in a public offering of securities without our prior written consent.

F. OUR RIGHT OF FIRST REFUSAL.

If you (or any of your owners) desire to engage in a Transfer, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, 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 you or in the Agreement and your Development Rights. 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 couched entirely as a dollar amount, and we may require the proposed buyer submit with its offer a reasonable earnest money deposit acceptable to us. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

Within 30 days after we receive an exact copy of the bona fide offer and all relevant information we request, we may, by written notice delivered to you or your selling owner(s), elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, except that we may substitute cash and cash equivalents for any non-cash form of payment proposed in the offer. If we exercise our right of first refusal, we will have 30 days from the date we notified you of our intended purchase to prepare for closing. You and your 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 (including that the items sold are free and clear of all liens), and you and your selling owner(s) (and your and their immediate family members) must comply with the obligations regarding Competitive Businesses, as described in the Franchise Agreements executed pursuant to this Agreement, as though such Franchise Agreements had expired on the date of the purchase. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section 5.F.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the Transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 5.B and 5.C above. If you do not complete the sale to the proposed buyer within 60 days after either we notify you that we do not intend to exercise our right of first refusal or the time our exercise expires, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60-day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

6. TERMINATION OF AGREEMENT.

A. BY YOU.

If you and your owners are fully complying with this Agreement and we materially fail to comply with these Terms and do not correct the failure within 30 days after you deliver written notice of the material failure to us or if we cannot correct the failure within 30 days and we fail to give you within 30 days after your notice reasonable evidence of our effort to correct the failure within a reasonable time, you may terminate this Agreement effective 30 days after you deliver to us written notice of termination. Your termination of the Agreement other than according to this Section 6.A. will be deemed a termination without cause and a breach of these Terms.

B. BY US.

We may terminate the Agreement, effective upon delivery of written notice to you, if:

(1) you (or any of your owners) have made or make any material misrepresentation or omission in the Application Materials or otherwise;

(2) you fail to comply with the Development Schedule or fail to make progress in the development of Businesses to indicate, in our determination, that you will not be able to satisfy your development obligations under the Agreement for the then-current Development Period;

(3) you (or any of your owners) make or attempt to make a Transfer without complying with the requirements of Section 5;

(4) you (or any of your owners) (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with any provision of these Terms or (b) fail on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under these Terms, in either case, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(5) you (or any of your owners) file a petition in bankruptcy or a petition in bankruptcy is filed against you; you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; any of your or your Affiliates' Businesses are attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of your or your Affiliates' Businesses are not vacated within 30 days following the order's entry;

(6) you (or any of your owners) fail to comply with anti-terrorism laws, ordinances, regulations and Executive Orders;

(7) you (or any of your owners) fail to comply with any other provision of these Terms and do not correct the failure within 30 days after we deliver written notice of the failure to you;

(8) you (or any of your owners) are convicted of a felony or any criminal act that is likely to adversely affect the goodwill of Businesses or the System;

(9) you or a Guarantor or an Affiliate fails to comply with any other agreement with us or our Affiliate, including any Franchise Agreement, unless the failure is timely and completely cured within any cure period provided under the applicable agreement; or

(10) you (or any of your owners) engage in any conduct which, in our opinion, adversely affects the reputation of any Businesses (including your own) or the goodwill associated with the Marks.

7. RIGHTS AND OBLIGATIONS ON TERMINATION OR EXPIRATION OF THE AGREEMENT.

You and, as applicable, your owners and all such other persons or Business Entities who are bound under the terms of this Agreement must immediately upon the expiration or termination of the Agreement, cease to directly or indirectly exercise or attempt to exercise any of the rights granted to you under the Agreement, comply with all obligations that either expressly survive or by their nature are intended to survive the expiration or termination of the Agreement, and refrain from interfering or attempting to interfere with our or our Affiliates' relationships with any vendors, franchisees or consultants or engage in any other activity which might injure the goodwill of the Marks or the System.

All of our and your (and your owners') obligations which expressly or by their nature survive the Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire, including, without limitation, all obligations relating to indemnification.

8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

This Agreement does not create a fiduciary relationship between you and us. You and we are and will be independent contractors, and nothing in these Terms is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, vendors, public officials, your personnel, and others as the owner of your business under a franchise we have granted and to place notices of independent ownership on the business cards, advertising, and other materials we periodically require.

You also acknowledge that you will have a contractual relationship only with us and may look only to us to perform under these Terms. None of our Affiliates is a party to this Agreement and no Affiliate has any obligations under it.

B. INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our Affiliates, and our and their respective owners, managers, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the operation of the business you conduct under the Agreement, or your breach of these Terms, including, without limitation, those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may defend any claim against it at your expense (including choosing and retaining its own legal counsel) and agree to settlements or take any other remedial, corrective, or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or termination. An Indemnified Party 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 you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 8.B.

9. ENFORCEMENT.

A. ARBITRATION.

We and you agree that all controversies, disputes, or claims between us or any of our Affiliates, and our and their respective owners, officers, directors, agents, and employees, on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates); (2) our relationship with you; (3) the scope or validity of the Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standards, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (the "**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor's or assign's then current principal place of business (currently, Beverly Hills, California). 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 us or our Affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). Further, at the conclusion of the arbitration, the arbitrator shall award to the prevailing party its attorneys' fees and costs.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you 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 you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT A PROCEEDING REQUIRED UNDER THIS SECTION TO BE SUBMITTED TO ARBITRATION 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 YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of these Terms.

We and you agree that, in any arbitration arising as described herein, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and

economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and persons or entities to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding the expiration or termination of the Agreement.

Any provisions of these Terms below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

B. GOVERNING LAW.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, the Agreement or any related agreement, the Development Rights and all claims arising from the relationship between us (or any of our Affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees) will be governed by the laws of the State of California, without regard to its conflict of laws rules, except that (1) any state law regulating the offer or 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, and (2) the enforceability of those provisions of these Terms which relate to restrictions on you and your owners' competitive activities will be governed by the laws of the state in which your Development Area is located.

C. CONSENT TO JURISDICTION.

Subject to the obligation to arbitrate under Section 9.A above and the provisions below, you and your owners agree that all actions arising under the Agreement or any related agreements, or otherwise as a result of the relationship between you (or your owners, guarantors, affiliates, and employees) and us (or any of our Affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) must be commenced in the court nearest to our or, as applicable, our successor's or assign's then-current principal place of business (currently, Beverly Hills, California), and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

D. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

Except for your obligation to indemnify us for third party claims under Section 8.B, we and you (and your owners) waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between us and you, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains. We and you irrevocably waive trial by jury in any action or proceeding brought by either of us.

E. INJUNCTIVE RELIEF.

Nothing in these Terms, including the provisions of Section 9.A, bars our right to obtain specific performance of the provisions of these Terms and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief

from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

F. COSTS AND ATTORNEYS' FEES.

The prevailing party in any judicial or arbitration proceeding shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by the prevailing party in connection with such proceeding.

G. LIMITATIONS OF CLAIMS.

UNLESS PROHIBITED BY APPLICABLE LAW, EXCEPT FOR CLAIMS ARISING FROM YOUR NON PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THE AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THESE TERMS WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS. The parties understand that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our Affiliates' members, managers, owners, directors, officers, employees, and agents shall not be personally liable nor named as a party in any action between us or our Affiliates and you or your owners.

WE AND YOU AGREE THAT ANY PROCEEDING DESCRIBED IN THIS SECTION 9 WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of these Terms. No implied covenant of good faith and fair dealing shall be used to alter the express terms of these Terms.

10. MISCELLANEOUS.

A. BINDING EFFECT.

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the System Standards, these Terms may not be modified except by a written agreement signed by our and your duly-authorized officers.

B. RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under the Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under the Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

C. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in these Terms, each section, paragraph, term, and provision of these Terms is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with

any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of these Terms, which will continue to have full force and effect and bind the parties.

If any applicable and binding law or rule of any jurisdiction requires more notice than these Terms require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of these Terms or any System Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of these Terms, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of these Terms, as though it were separately articulated in and made a part of these Terms.

D. WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under these Terms, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice.

No right, power, or option you or we are provided under this Agreement will be impaired or waived because of any custom or practice at variance with the Agreement's terms or your or our failure, refusal, or neglect to exercise any right under the Agreement or to insist upon the other's compliance with this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

The following provision applies if you or the rights 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 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.

E. THE EXERCISE OF OUR JUDGMENT.

We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by these Terms. Whenever we have reserved in these Terms a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in these Terms, make our decision or exercise our rights in our sole and unfettered discretion.

F. CONSTRUCTION.

The preambles and exhibits are a part of these Terms, which together with these Terms and the attached Data Sheet constitute our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of or relationships created by this Agreement, or your Development Rights (any such understandings or agreements reached, or any representations made, before the execution of this Agreement are superseded by this Agreement).

Nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you. Any policies that we periodically adopt and implement to guide us in our decision-making are subject to change, are not a part of these Terms, and are not binding on us. Except as provided in Section 8.B (Indemnification), nothing in these Terms is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to the Agreement.

Except where these Terms expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in these Terms to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under these Terms, include any of our Affiliates with whom you deal. The term "**Affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "**Control**" means the power to direct or cause the direction of management and policies. "**Including**" means "including, without limitation." References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of the Agreement and your Development Rights or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), these Terms, the franchise, or your Development Rights and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to an "**ownership interest**" in you or one of your owners (if a Business Entity) mean the percent of the voting shares or other voting rights that results from dividing 100% of the ownership interests by the number of owners. "**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

If two or more persons are at any time the owners of the Development Rights, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

G. NOTICES.

All notices, consents, approvals, statements, documents or other communications required or permitted to be given hereunder must be in writing, and will be deemed to be delivered on the earlier of the date of actual delivery or one of the following: (i) at the time delivered by hand, (ii) at the time delivered via computer transmission and, in the case of amounts due, at the time we actually receive electronic payment, or (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery. Your and our current notice addresses are shown on the attached Data Sheet or these Terms, as applicable. Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to you at the address of any of your Businesses. Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent. Notices to us must be sent to the Attention: Laura Wilson.

H. COUNTERPARTS.

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.

IN WITNESS WHEREOF, the parties have executed and delivered these Terms on the dates noted below, to be effective as of the Effective Date.

NATURAL PILATES FRANCHISE, LLC a Wyoming limited liability company	**DEVELOPER:** **[Name]**
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date: _____	Date: _____

ATTACHMENT A
TO MULTI-UNIT DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a "**Guarantor**") to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Development Agreement (as amended, modified, restated or supplemented from time to time, the "**Agreement**") on this date by **NATURAL PILATES FRANCHISE, LLC** ("**we**" or "**our**"), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns that _____ ("**Developer**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for each and every provision in the Agreement that sets out an obligation of the Developer, including both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each Guarantor consents and agrees that: (1) Guarantor's direct and immediate liability under this Guaranty will be joint and several, both with Developer and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Developer or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Developer or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor's ability to satisfy the financial obligations of Developer under the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Developer arising as a result of the Guarantor's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor's undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 9 (Enforcement) of the Agreement, including Section 9.A (Arbitration), Section 9.C (Consent to Jurisdiction) and Section 9.F (Costs and Attorneys' Fees) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the

Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and 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.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

GUARANTOR(S)	**SPOUSE(S)**
Name:_____ Sign: _____ Address: _____ _____ _____	Name:_____ Sign: _____ Address: _____ _____ _____
Name**:**_____ Sign: _____ Address: _____ _____ _____	Name**:**_____ Sign: _____ Address: _____ _____ _____

RIDER TO THE NATURAL PILATES FRANCHISE, LLC
MULTI-UNIT DEVELOPMENT AGREEMENT
FOR USE IN NEW YORK

THIS RIDER is made and entered into by and between **NATURAL PILATES FRANCHISE, LLC,** a Wyoming limited liability company whose address is 9903 Santa Monica Blvd, Box 619 Beverely Hills, CA 90212 ("**we**"), and _____ a(n) _____ whose principal business address is _____ _____("**you**").

1. **BACKGROUND**. We and you are parties to that certain Multi-Unit Development Agreement dated _____, (the "Multi-Unit Agreement") that has been signed concurrently with this Rider. This Rider is being signed because (a) you are domiciled in the State of New York and the Businesses that you will develop under the Multi-Unit Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Multi-Unit Agreement occurred in New York.

2. **EVENTS OF TERMINATION**. The following language is added to the end of Section 6.A of the Multi-Unit Agreement:

> You 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. **CONSENT TO JURISDICTION; APPLICABLE LAW**. The following is added to the end of Section 9.C of the Multi-Unit Agreement:

> This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

4. **RELEASES.** The following is added to the end of Section 5.C(5) of the Multi-Unit Agreement:

> Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of General Business Law Sections 687.4 and 687.5, as amended.

5. **TRANSFER BY US**. The following sentence is added to the end of Section 5.A of the Multi-Unit Agreement:

> 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 this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Multi-Unit Agreement.

NATURAL PILATES FRANCHISE LLC

By:_____
Name:_____
Title:_____
Date*:_____
(*This is the Effective Date)

DEVELOPER:

_____
[Name]

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

EXHIBIT D

FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS

Natural Pilates Franchise, LLC

Balance Sheet

ASSETS	31-Dec-24
CURRENT ASSETS	
Cash	$ 1,250.81
Accounts Receivable	$ -
Inventory	$ -
Prepaid Expenses	$ -
Intercompany Receivables	$ 4,004.19
TOTAL CURRENT ASSETS	$ 5,255.00
FIXED (LONG-TERM) ASSETS	
Long-Term Investments	$ -
Property, Plant, and Equipment	$ -
(Less Accumulated Depreciation)	$ -
Intangible Assets	$ 4,995.00
TOTAL FIXED ASSETS	$ 4,995.00
OTHER ASSETS	
Deferred Income Tax	$ -
Other	$ -
TOTAL OTHER ASSETS	$ -
TOTAL ASSETS	**$ 10,250.00**

LIABILITIES AND OWNER'S EQUITY	31-Dec-24
CURRENT LIABILITIES	
Accounts Payable	$ -
Short-Term Loans	$ 10,250.00
Income Taxes Payable	$ -
Accrued Salaries and Wages	$ -
Unearned Revenue	$ -
Current Portion of Long-Term Debt	$ -
TOTAL CURRENT LIABILITIES	$ 10,250.00
LONG-TERM LIABILITIES	
Long-Term Debt	$ -
Deferred Income Tax	$ -
Other	$ -
TOTAL LONG-TERM LIABILITIES	$ -
OWNER'S EQUITY	
Owner's Investment	$ -
Retained Earnings	
Other	$ -
TOTAL OWNER'S EQUITY	$ -
TOTAL LIABILITIES AND OWNER'S EQUITY	**$ 10,250.00**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OR HER OPINION WITH REGARD TO THEIR CONTENT OR FORM

AUDITED FINANCIAL STATEMENTS

NATURAL PILATES FRANCHISE, LLC

Balance Sheet as of July 31, 2024

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

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NAPER CPA GROUP

924 W. 75th Street
Suite 120 - 189
Naperville, IL 60565
+1 (815) 348-2421
omar@napercpa.com

INDEPENDENT ACCOUNTANT AUDIT REPORT

To the Management of NATURAL PILATES FRANCHISE, LLC

Opinion

We have audited the financial statements of NATURAL PILATES FRANCHISE, LLC (the "Company"), which comprise the Balance Sheet as of July 31, 2024, and the related notes for the period then ended. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at July 31, 2024, and the results of its operations and its cash flows for the period ended July 31, 2024, 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 Statements 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 audits. 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 Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 statements.

In performing an audit in accordance with GAAS, we:

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

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- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 statements.
- 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.

Omar Alnuaimi, CPA

Naperville, IL
August 5, 2024

NATURAL PILATES FRANCHISE, LLC
BALANCE SHEET
AS OF JULY 31, 2024

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 10,250
TOTAL CURRENT ASSETS	10,250
NON-CURRENT ASSETS	
TOTAL NON-CURRENT ASSETS	-
TOTAL ASSETS	10,250
LIABILITIES AND OWNER'S EQUITY	
CURRENT LIABILITIES	
TOTAL CURRENT LIABILITIES	-
NON-CURRENT LIABILITIES	
TOTAL NON-CURRENT LIABILITIES	-
TOTAL LIABILITIES	-
OWNER'S EQUITY	
Retained Earnings (Deficit)	10,250
TOTAL SHAREHOLDERS' EQUITY	10,250
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 10,250

See Independent Accountant's Audit Report and accompanying notes, which are an integral part of these financial statements.

NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES

NATURAL PILATES FRANCHISE, LLC (the "Company") was incorporated under the laws of the State of Wyoming for the purpose of offering franchise opportunities to entrepreneurs who want to own their own 'Natural Pilates' location, as a franchise.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). As a result, the Company records revenue when earned and expenses when incurred. The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities and other items, as well as the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and any cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Revenue Recognition

Revenues are primarily derived from franchise fees (one-time and recurring monthly fees). In accordance with Accounting Standards Codification (ASC) Topic 606, Revenue will be recognized when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the seller's price to the buyer is fixed or determinable, and collectability is reasonable assured. The determination of whether fees and fixed or determinable and collection is reasonable assured involves the use of assumptions. Arrangement terms and customer information are evaluated to ensure that these criteria are met prior to recognition of revenue.

Specifically for franchisors, The Financial Accounting Standards Board (FASB) has issued an Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' in 2022 which provides a new practical expedient that permits private company franchisors to account for preopening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. The Company has elected to adopt this new standard.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Unearned Revenue

The Company's primarily performance obligation under the franchise agreement mainly includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including initial training and other such activities commonly referred to collectively as "pre-opening activities", which are recognized as a single performance obligation. The Company expects that certain pre-opening activities provided to the franchisee will not be brand specific and will provide the franchisee with relevant general business information that is separate and distinct from the operation of a company-branded franchise unit. The portion of pre-opening activities that will be provided that is not brand specific is expected to be distinct as it will provide a benefit to the franchisee and is expected not to be highly interrelated or interdependent to the access of the Company's intellectual property, and therefore will be accounted for as a separate distinct performance obligation. All other pre-opening activities are expected to be highly interrelated and interdependent to the access of the Company's intellectual property and therefore will be accounted for as a single performance obligation, which is satisfied by granting certain rights to access the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration, under the franchise agreement to the standalone selling price of the training services that are not brand specific and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under Accounting Standards Update (ASU) to ASC 606, Franchisors—'Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient' is recognized when the related services have been rendered.

The remaining franchisee fee not allocated to pre-opening activities are recorded as Unearned Revenue and will be recognized over the term of the franchise agreement.

Income Taxes

The Company, with the consent of its shareholders, has elected to be an S-Corporation (for tax purposes). In lieu of corporate income taxes, the shareholder(s) of an S-Corporation is taxed based on its proportionate share of The Company's taxable income. Therefore, no provision or liability for income taxes has been included in these financial statements.

Commitments and Contingencies

The Company may be subject to pending legal proceedings and regulatory actions in the ordinary course of business. The results of such proceedings cannot be predicted with certainty, but the Company does not anticipate that the final outcome, if any, arising out of any such matter will have a material adverse effect on its business, financial condition or results of operations. As of July 31, 2024, the Company has not reported any lawsuit or known plans of litigation by or against the Company.

NOTE C – CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and any cash equivalents with a limited number of high-quality financial institutions and do not exceed the amount of insurance provided on such deposits.

NOTE D – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 5, 2024, the date on which the financial statements were available to be issued. Management has determined that none of the events occurring after the date of the balance sheet through the date of Management's review substantially affect the amounts and disclosure of the accompanying financial statements.

NATURAL PILATES FRANCHISE, LLC

Balance Sheet as of July 31, 2024

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

EXHIBIT E

STATE ADMINISTRATORS AND AGENTS FOR PROCESS

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov	Commissioner of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 Ask.DFPI@dfpi.ca.gov www.dfpi.ca.gov
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2727	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Indiana Secretary of State 302 West Washington Street Securities Division, E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204 (317) 232-6531
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way Lansing, MI 48909

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	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	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid, Second Floor Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Office of the Secretary Wisconsin Department of Financial Institutions P.O. Box 8861 Madison, WI 53708-8861 (608) 261-9555

EXHIBIT F

TABLE OF CONTENTS OF OPERATIONS MANUAL

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

Manual Section	Number of Pages
Preface & Introduction	35
Establishing My Franchise Business	37
Personnel	48
Administrative Procedures	25
Daily Procedures	41
Selling & Marketing	18
Total Number of Pages	**204**

EXHIBIT G

REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE A RESIDENT OF, YOUR BUSINESS WILL BE OPERATED IN, OR THE FRANCHISE GRANTED IS SUBJECT TO THE FRANCHISE REGISTRATION OR DISCLOSURE LAWS OF: CALIFORNIA OR NEW YORK

The purpose of this Statement is to demonstrate to Natural Pilates Franchise, LLC ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights ("Franchisee"), (a) fully understands that the purchase of a Natural Pilates franchise is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL: _____ _____
I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in the FDD and only in these documents and applicable state law. I acknowledge that I have had the opportunity to personally and carefully review the FDD and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the FDD for me and to have them help me understand the FDD. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL: _____ _____
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL: _____ _____
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL: _____ _____

I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL: _____ _____
PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success) other than information contained in the FDD? ☐ Yes ☐ No (Initial Here: ____, _____) If you selected "Yes," please describe the information you received on the lines below: _____ _____.	

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or

sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

FRANCHISEE: [*if legal entity, insert name here*]

Sign: _____
Date: _____
Capacity: Individually and, if applicable, on behalf of Franchisee

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	January 17, 2025
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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 H

RECEIPTS

RECEIPT

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 Natural Pilates Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Natural Pilates Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit E).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Laura Wilson	9903 Santa Monica Blvd, Box 619 Beverly Hills, CA 90212	(310) 623-9013
Drake Aguon	9903 Santa Monica Blvd, Box 619 Beverly Hills, CA 90212	(310) 623-9013
Name:	Address:	Phone Number:

Issuance Date: November 8, 2024; as amended February 3, 2025

I received a disclosure document that included the following Exhibits:

A. State Addenda to Disclosure Document
B. Franchise Agreement (with Location Acceptance Letter, State Addenda to Agreements, Guaranty and Non-Compete Agreement, Rider to Lease Agreement, and Form of General Release)
C. Multi-Unit Development Agreement
D. Item 21 Financial Statements
E. State Administrators and Agents for Service of Process

Signature: _____
Print Name: _____
Date Received: _____

Keep This Copy For Your Records

RECEIPT

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 Natural Pilates Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Signature: _____
Print Name: _____
Date Received: _____

Return This Copy To Us
Natural Pilates Franchise, LLC
Franchise@naturalpilates.com