FRANCHISE DISCLOSURE DOCUMENT

Studio Barre Franchising LLC
a California limited liability company
3141 Tiger Run Court, Suite 103
Carlsbad, CA 92010
Telephone: (760) 692-4752
E-mail: info@studiobarre.com
Website: *www.studiobarre.com*

The franchisee will operate a business (a "Studio Barre" Studio) that specializes in providing customers with fitness classes using our proprietary dance programs, which incorporate the "barre" equipment and "barre" dance technique and our proprietary blend of choreography, exercise techniques, music selections, teaching techniques, and standards.

The estimated total initial investment necessary to begin operation of a Studio Barre franchised business ranges from $116,265 to $180,125. This includes $38,210 to $38,250 that you must pay to us before you open.

If you sign an area development agreement, your estimated initial investment under that agreement will vary depending on how many "Studio Barre" Studios you agree to develop. This includes a development fee in an amount equal to $38,000 for your first Studio and $10,000 for each additional Studio to be developed; so the total development fee will be based on our mutual agreement on the number of Studios that you will develop. See Item 5 for details.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Shannon Higgins at 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010, telephone (760) 692-4752.

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.

The issuance date of this Franchise Disclosure Document is April 25, 2018.

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrators listed in Exhibit D for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

*1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO MEDIATE OR LITIGATE ONLY IN CALIFORNIA. OUT OF STATE MEDIATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO MEDIATE OR LITIGATE WITH THE FRANCHISOR IN CALIFORNIA THAN IN YOUR HOME STATE.

*2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF CALIFORNIA GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

* Local law may supersede these agreement provisions. Certain states require the superseding provisions to appear in an addendum in this disclosure document (see Exhibit J of this disclosure document).

Effective Date: See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	
Indiana	
Maryland	
Michigan	
New York	
Rhode Island	
Virginia	

STUDIO BARRE FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

EXHIBITS

ITEM 1: THE FRANCHISOR, AND ANY PARENT, PREDECESSORS, AND AFFILIATES

This disclosure document describes a franchise to operate a franchised "Studio Barre" studio and business, which is further described below. Studio Barre Franchising LLC is the franchisor.

To simplify the language in this disclosure document, the terms "**we**", "**us**", "**our**" and "**Studio Barre**" also refer to Studio Barre Franchising LLC. The terms "**you**" and "**your**" refer to the person to whom we grant a franchise, the franchisee. If the franchisee is a partnership, corporation, or other entity, "you" includes the franchisee's owners.

Franchisor's Corporate Information and Business and Affiliate.

We were formed as a limited liability company in California on January 23, 2013. Our principal business address is 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010. We conduct our business under the name Studio Barre Franchising LLC and mark "Studio Barre." Our agents for service of process are disclosed in Exhibit E to this disclosure document.

We are in the business of franchising others to operate "Studio Barre" studios that use our System (which is further described below). We first began to offer franchises for "Studio Barre" studios in November 2013. We are not involved in any other business activities and have never sold franchises in any other line of business. We do not operate a studio of the type that we offer in this disclosure document, although our affiliate does, as described below.

Our affiliate, Studio Barre LLC (the "**Affiliate**"), developed the System and operated a studio under the "Studio Barre" name and system in Encinitas, California from January 2012 to November 2017, when it sold that Studio to a franchisee. Before that, its unincorporated predecessor had operated a fitness studio business from April 2008 to December 2011. In 2018, Affiliate purchased a "Studio Barre" studio in San Diego from a franchisee and is began operating it as a "Company-owned Studio." Our Affiliate is a limited liability company formed in California on January 1, 2012. Its principal business address is also 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010. Affiliate does not, and has not, offered franchises in any line of business.

We have no predecessors or affiliates (other than our Affiliate) that are required to be included in this Item.

Our System and Studio Barre Studios

A "Studio Barre" studio (a "**Studio Barre Business**" or "**Studio** or "**Franchised Business**") is a boutique style fitness business that operates under our Proprietary Marks in a location that is built-out as a dance studio-inspired facility. Studio Barre Businesses provide customers with fitness classes using our proprietary dance programs, which incorporate the ballet "barre" equipment and "barre" dance technique into our proprietary blend of choreography, exercise techniques, music selections, teaching techniques, and standards, and which we may develop and change periodically (together, these are the "**Programs**"). We may also periodically designate or approve additional services and items, such as fitness apparel, accessories and other products, for sale to customers in the Studios as part of the System (together these are "**Authorized Products**").

Studios are characterized by our (and our Affiliate's) system (the "**System**"). Some of the features of our System are our interior trade dress and design for Studios; the Programs; our professional image and high customer service standards; our standards, specifications and teaching methods for our Programs; materials used in the instruction and performance of the Programs ("**Program Materials**"); our standards and techniques for identifying and training Program instructors; equipment layouts; signage; distinctive interior design and accessories; operational procedures; quality and uniformity of products and services offered; and procedures for management; training and assistance. These are not necessarily all of the elements of the System. We have collected our mandatory and suggested specifications and procedures in confidential operating manuals (together, the "**Manual**"). We may periodically change and improve parts of the System.

Additionally, as part of the Program Materials, we provide choreography to be used in the Programs on a quarterly basis.

We offer to enter into franchise agreements ("**Franchise Agreements**") with qualified business entities and persons that wish to establish and operate Studios. Under a Franchise Agreement, we will grant you the right (and you will accept the obligation) to operate a Studio at an agreed-upon specified location (the "**Approved Location**"). See Item 11 for more information on the process for identifying and obtaining our approval of your Studio site. Our current form of Franchise Agreement is included as Exhibit A to this disclosure document.

You must operate your Studio in accordance with our standards and procedures, as set out in the Manual. We will lend you, or make available electronically, a copy of the Manual for the duration of the Franchise Agreement. In addition, we will grant you the right to use our marks, including the mark "Studio Barre" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**").

Studios will be operated from an indoor structure that need not be free-standing, in approximately 1,200 square feet to 1,600 square feet in size, and are decorated to meet our specifications (including the use of our trade dress, trademark, and design).

We may also offer area development agreements ("**Area Development Agreements**") to qualified entities and persons ("**Area Developers**"). The form of our Area Development Agreement is attached to this disclosure document as Exhibit B. If you sign an Area Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Studios within an agreed-upon designated area (the "**Development Area**"), under an agreed-upon timetable (the "**Development Schedule**"). Each Studio will be constructed and operated under a Franchise Agreement. The Franchise Agreement for the first Studio developed under the Area Development Agreement will be in the form attached to the Area Development Agreement. The Franchise Agreement for each additional Studio developed will be in the form of the Franchise Agreement we generally offer to new franchisees at that time.

Industry-Specific Regulations

You must comply with all local, state, and federal laws that apply to your Studio operations, including for example health, data collection and use, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, restrooms, drinking facilities, etc. For example, you must obtain real estate permits (for example, zoning permits), real estate licenses, and operational licenses. You will be required to comply with all applicable federal, state, and local laws and regulations in connection with the operation of your Studio. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Studio's operation.

The Market and Competition

Your Studio will offer services and products to the general public throughout the year. The market for your type of products and services generally is well established and very competitive and we expect that customers will be primarily women ages 14 to 60 years old who are fitness minded.

You will compete with ballet barre based fitness studios, yoga, pilates and boutique style fitness studios, as well as other businesses and facilities offering a variety of fitness and dance activities. These businesses may be franchised by other companies (which may be operated as part of regional or national brands) or may be non-chain independent operators. Fitness and dance business compete on the basis of factors such as price, service, location, and program quality. These businesses are often affected by other factors as well, such as changes in consumer taste, and economic conditions.

ITEM 2: BUSINESS EXPERIENCE

President — Shannon Higgins

Ms. Higgins is our founder and has served as our President since our formation in March 2013. She also has been the owner of our affiliate, Studio Barre LLC, since January 2012. From April 2008 to January 2012 she owned a "Pure Barre La Costa" business in Carlsbad, California.

Vice President — Doug Higgins

Mr. Higgins has served as our Vice President since our inception in March 2013. Since October 1997, he has also served United Airlines as a pilot, and is based from San Francisco, California.

Director of Operations — Lauren Gregory

Ms. Gregory has served as our Director of Operations since our inception in March 2013. She also has served as the business manager for our affiliate, Studio Barre LLC, since March 2012. Additionally, from June 1991 to the present, Ms. Gregory has served as a business manager with J&L Jewelry in Long Beach, California.

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

Initial Franchise Fee

When you sign the Franchise Agreement, you must pay us an initial franchise fee of $38,000, except as noted below for Franchise Agreements entered into in connection with an Area Development Agreement. The initial franchise fee will be fully earned and non-refundable when paid, and must be paid in one lump-sum amount. During 2017, the initial franchise fees were uniformly applied to all new franchisees according to the standard initial franchise fees in effect at the time the franchises were sold.

Deposit

In certain circumstances, we may agree to sign a Deposit Agreement (a copy of which can be found in Exhibit C to this disclosure document) before you and we sign a Franchise Agreement (for example, if you want to develop a Franchised Business within a certain geographic area, but you ask for additional time before signing a Franchise Agreement and also ask that we defer opportunities to grant franchises to other parties to operate Franchised Businesses in a certain area (the "**Deposit Area**") during a limited time period (the "**Deposit Period**")). If we agree, we and you will sign the Deposit Agreement, which will identify the agreed Deposit Area and Deposit Period. When you sign the Deposit Agreement, you must pay a $5,000 deposit (the "**Deposit**") to us. You will not obtain any other rights to the Deposit Area (for example, it does not become "exclusive" nor do you gain any special rights in that area).

If you and we enter into a Franchise Agreement during the Deposit Period, we will credit the Deposit towards the Initial Franchise Fee due under the Franchise Agreement. You have the right, during the 30-day period starting on the Effective Date of the Deposit Agreement (the "**Refund Period**"), to terminate the Deposit Agreement by giving us written notice. If you do so, you, then we will refund the Deposit to you after we have each have signed and delivered to one another a termination agreement (which, among other things, will include a general release). Otherwise, the Deposit is fully earned and non-refundable upon payment to us in consideration of administrative and other expenses we incur relating to the Deposit Agreement and for our lost or deferred opportunity to sell franchises in the Deposit Area during the term of your Deposit Agreement. (See Items 11 and 12 for additional information regarding the terms of the Deposit Agreement.) The Deposit Agreement does not confer upon you any franchise or territorial rights.

We did not enter into any Deposit Agreements during 2017. We expect that the fees discussed in this Item will be uniform for new franchisees and non-refundable, except as explained above regarding the Deposit. We do not offer financing for the Initial Franchise Fee or Deposit.

Area Development Agreement

When you sign the Area Development Agreement, you must pay us a development fee in an amount equal to the total of $38,000 for the first Studio that you will develop plus $10,000 for each additional Studio that you must open according to the Development Schedule. The amount of the development fee will vary based on the number of Studios you choose to develop under the Area Development Agreement. The development fee must be paid in lump sum, is uniformly applied, and is non-refundable.

If you are in compliance with your obligations under the Area Development Agreement, when you enter into the Franchise Agreement with us for the first Studio, we will credit to you the sum of $38,000 as full payment of the initial franchise fee due under the Franchise Agreement for that Studio. If you continue to be in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement for each additional Studio that you develop according to the Development Schedule, we will credit to you the sum of $10,000, which we will apply to the initial franchise fee payable under each Franchise Agreement for that Studio (provided, that the total amount of the credits that we grant to you will not exceed the total development fee that you have actually paid to us).

In addition, and for each Franchise Agreement entered into in connection with the Area Development Agreement, you must pay an initial franchise fee in the following amounts:

1. $38,000 for the first Franchise Agreement entered into under the Development Schedule;

2. $30,000 for the second through fifth Franchise Agreements entered into under the Development Schedule; and

3. $28,000 for the sixth and each additional Franchise Agreement entered into under the Development Schedule.

Purchases of Logoed Items

Before you begin operating, you must purchase from us an initial inventory of logoed exercise balls that are used in conducting the Programs. We have had these items produced, bearing our Proprietary Marks, for use by our franchisees. Based on an order of 30 exercise balls, your purchase costs before you begin operating your Studio Barre Business will be approximately $210 to $250. Your actual costs, however, may vary depending on the number of balls that you elect to purchase before beginning operations, as well as shipping cost, taxes, etc. You will have to order additional logoed balls from us as needed. Purchases of these items are not refundable.

ITEM 6: OTHER FEES

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Royalty	5% of Gross Sales (but not less than $500 per month)	Each month, on or before the 10th calendar day, calculated on the Gross Sales for the prior month.	Gross Sales means all revenue related to the Franchised Business (excluding sales taxes collected and remitted to the proper authorities). Payments must be made by electronic funds transfer using the Automated Clearing House (ACH) Network.
Marketing Obligations (note 2) • Creative Fund • Regional Fund • Local Marketing expenditures	<u>Maximum</u>: 4% of your Gross Sales (note 2) <u>Currently</u>: • Creative Fund - 1% • Local Mktg – 2%	Same as Royalty for contributions to the Creative Fund or Regional Fund (when in effect)	We may require you to contribute to a Creative Fund and/or a "Regional Fund" and/or conduct and spend monies on local marketing. We can change the allocation between the forms of marketing. Payments to the Creative Fund or Regional Fund must be made by electronic funds transfer (using the ACH network). Regional Fund members may vote to require additional contributions (up to an additional 1% of Gross Sales) Please see Note 2 below and in Item 11 under the heading "Marketing."
Additional Individuals for Initial Training	$275 per additional Class Instructor at the Initial Training we provide	Before training begins	This fee applies only to additional trainees attending the same Initial Training. We do not charge a separate fee for persons who only attend the management and back-office portions of our initial training program. Notes 3 and 6.
Master Teacher Trainer Training	$1,025 per Master Teacher Trainer	Before training begins	This fee applies only if you request to have a person trained and approved by us to act as your "Master Teacher Trainer." Note 4.

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Replacement training	The fees are as follows for each replacement trainee based on her/his position: _Phase 1_: $625 per Class Instructor; and $350 per Franchised Business Manager or Operating Principal; and _Phase 2_: $695 per Class Instructor.	Before training begins (for each phase of training)	Notes 5 and 6. There are two phases of our current training program. For Phase 1 training of replacement personnel, if you wish to send more than one replacement Class Instructor to the same training session, then for Phase 1 fee for the second (and additional) trainees at the same session is reduced to $375 (with up to five persons allowed during a single training session). Also, if you have an approved Master Teacher Trainer, then we will permit you and your Master Teacher Trainer to conduct Phase 1 training at your location, and for Phase 2 training of replacement, we will reduce the fee from $695 to $350 per Class Instructor.
Additional & Repeat Training	Our then-current standard training fee for these programs, and our reasonable out-of-pocket expenses if training is provided at your site (currently $250 per person per day, subject to change)	Before training begins	We may offer or require further training during the franchise term. We have the right to charge a fee, whether the training is mandatory or optional. (Note 5) We may also charge a fee if anyone must repeat a training program.
Additional Assistance	Our then-current standard training fee for initial training (currently $250 per day, subject to change)	Before we render this assistance	If you request (and we can reasonably accommodate that request), we will furnish non-routine guidance and assistance to deal with your unusual or unique operating problems. We have the right to charge a fee for this assistance.

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Fees relating to computer system and software	If we provide computer or communications equipment, software or assistance or services, we may charge a reasonable fee.	Upon demand	See Note 7 and Item 11 under the heading "Computer System." Currently, you will obtain these services directly from third parties. For the designated back-of-the-house on-line management system (currently "MINDBODY Online"), we collect and remit the monthly fees to vendor according to the terms negotiated for these services.
Interest on Overdue Payments	18% per year on the underpayment (Note 8)	Upon demand	Only due if you don't pay us the amounts you owe on time. Interest will be charged only on overdue amounts and will start to accrue on the date when the payment was originally due. Interest will not exceed any legal maximum that may apply.
Renewal Fee	$3,500 or 10% of the then-current initial franchise fee, whichever is more	When you sign the renewal Franchise Agreement	Applies only if you decide to renew your franchise to operate your Franchised Business and you satisfy the terms that are described in the Franchise Agreement as conditions for you renew (which include a requirement that you sign our then-current form of franchise agreement). The renewal fee is instead of a new initial franchise fee. There is no renewal under the Area Development Agreement.
Transfer Fee	$8,500 or 25% of our then-current initial franchise fee, whichever is more	At time of transfer	Payable only if you make a transfer (as defined in the Franchise Agreement), which includes the sale of your franchise, your company, or any party's interest in your company. There are some exceptions (see Note 9).

Type of Fee (Note 1)	**Amount**	**Due Date**	**Remarks**
Costs and Attorneys' Fees	Will vary under circumstances	Upon demand	If you default under the Franchise Agreement or Area Development Agreement, you must reimburse us for our expenses (including reasonable attorneys' fees) in enforcing or terminating the agreement.
Audit Costs	All costs and expenses associated with the audit, reasonable accounting and legal costs; and interest on the underpayment (see Note 8)	Upon demand	Only due if we audit because you did not submit sales statements or keep books and records, or if sales are underreported by 2% or more. (You will also have to pay the correct royalties as well as interest on any underpayment - see "interest" above.) (Note 10)
Recurrent inspection	Time plus expenses	Upon demand	Charged only when we have to make additional trips to your Studio to correct a violation which was not corrected upon returning for the second inspection, or where additional training is required.
Indemnity	Will vary under circumstances	As incurred	Note 11
Securities Offering Fee	$5,000 or our actual expenses, whichever is greater	Upon demand	If you make a public or private a securities offering, you must reimburse us for our reasonable costs and expenses (including legal and accounting fees) to evaluate your proposed offering and you also must indemnify us (see above and Note 11).
Phone Fee	Will vary under circumstances – but not currently in effect	As incurred	See Note 12. This fee (if implemented) may be payable directly to the service provider.
Enforcement Costs	Reasonable attorneys' fees, arbitration costs, court costs and all expenses	On demand.	See Note 13.

Notes to Item 6 table:

1. General. We impose and collect all fees, except for certain local marketing expenses that you will make directly (see Item 11 for details). For all fees and charges, you must use the payment method we designate, which may include electronic funds transfer. All fees are non-refundable. All fees are uniformly applied to new system franchisees; however, in some instances in which it is appropriate to do so, we may waive some or all of these fees for a particular franchisee.

   We have the right to adjust, for inflation, all fixed dollar amounts under the Franchise Agreement, once a year, to reflect changes in the Index. The term "**Index**" means the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("**BLS**"). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

2. Marketing Obligations. The chart reflects the maximum percentage that we can require you to contribute to the Creative Fund or a Regional Fund and/or spend on local marketing (together the "**Marketing Obligation**"), and how we have currently set the Marketing Obligations. Currently, there are no Regional Funds in our System. If the members of a Regional Fund vote to require additional contributions (which may be up to 1% of Gross Sales) over the amount that we designate as required Regional Fund contributions, then the additional contributions will not be included in the calculation of the 4% maximum on the Marketing Obligation. You must also conduct Grand Opening marketing when your Studio opens. See Item 11 for further details about the marketing and promotional requirements.

3. Initial Training. You may send up to six individuals (including four people you intend to use conduct classes for the customers (each a "**Class Instructor**") and your Operating Principal) and other owners of the franchisee to the initial training program. If you ask to send additional individuals to the initial training program, then you must pay us a training fee, the amount of which is shown in the chart above and is based on the role that each additional person will perform. Payment is due in full before initial training starts.

4. Master Teacher Training. After you have been operating for at least 3 months, and if you are offering on a regular basis a minimum of 30 classes per week, you may request that a person become certified by us to act as a "Master Teacher Trainer" for your Franchised Business. A "**Master Teacher Trainer**" is a person who has qualifications reasonably acceptable to us and, after satisfactorily completing training by us, will be responsible for teaching the Programs, Program Materials and customer instruction techniques, standards and procedures to your Class Instructors. Payment of the training fee for your intended Master Teacher Trainer is due in full before initial training starts.

5. Training for Replacement Personnel. If any of the Highly Trained Personnel (defined in Item 11 under the heading "Training") cease active management or employment at the Franchised Business, or if we disapprove of any of the Highly Trained Personnel, then you must enroll a qualified replacement in our initial training program within thirty 30 days. Payment of the training fee for those persons (the amounts are determined as shown in the chart above) is due in full before each phase of training begins for the replacement personnel.

6. Additional Training and General Training Expenses. For any training that we provide to you and your personnel, you are responsible for expenses incurred while they attend training, including salaries, benefits, travel, lodging, meals and other related expenses. We reserve the right to charge you for training additional personnel (which may be optional or mandatory) and for re-training persons who are repeating the course or replacing a person who did not pass. Additional details are in Item 11 of this disclosure document under the heading "Training".

7. Computer System and Software. We can require you to use certain software, hardware and/or support services in connection with the operation of the Franchised Business. We can change the standards and requirements for the communications and information systems used in Studio Barre Business, which may require you to pay fees for those services or products, and to sign license agreements. We or our affiliates may be a provider of these services or products. We can also require that you obtain and maintain a maintenance and/or support contract for your communications and information systems. See Item 11 under "Computer System" for more information.

8. Interest. Interest starts to accrue when your payment was initially due. Interest rates will not exceed any maximum rate that may be imposed under applicable law.

9. Transfer Fees. We will not charge a transfer fee in connection with a transfer that takes place upon the death or incapacity of the franchisee or its principals (so long as instead, you reimburse us for our out-of-pocket expenses, including attorneys' fees that we incur in connection with reviewing and approving the transfer).

10. Audit Costs. The amount of audit costs will be determined by the auditors, legal advisors and other professionals who provide the audit services. These costs will vary based on the fees charged by these professionals, travel costs, the scope of the audit needed, the degree to which you cooperate in terms of providing information, the time it takes the auditors to review your records, and inflation.

11. Indemnification. You must indemnify us, and reimburse us for our costs (including our attorneys' fees), if we are sued or held liable in any case: (a) having anything to do with any securities offering you make; (b) your use of the marks (other than as we approve); or (c) that has anything to do with a claim arising out of the operation of your Studio.

12. Telephone Service. We do not currently, but we have the right to require that you use telephone vendors that we designate for the phone service to your Franchised Business, and we may own the telephone numbers for your Franchised Business. If we require you to use a designated telephone service vendor, you will pay the fees and charges applicable to the phone services provided to you, and you must sign a power of attorney with respect to your telephone service and telephone numbers (the current form of which is included in Exhibit H of the Franchise Agreement).

13. Enforcement costs. You will not incur these costs unless you are in default under the Franchise Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys' fees) as a result of your default, and also to enforce and terminate the agreement. In addition, if you are in default you must reimburse us for our expenses (including reasonable attorneys' fees) if we need to obtain an injunction or other relief to enforce any provisions under the Franchise Agreement, or if we successfully defend your claim against us under the Franchise Agreement.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (low	to high)	Method of Payment	When Due	To Whom Payment is Made
Initial franchise fee (Note 1)	$38,000	$38,000	Lump sum	When you sign the Franchise Agreement	Us
Lease/rent (Note 2)	$18,000	$32,000	As Arranged	As Arranged	Landlord
Plans and Construction (Note 3)	$30,000	$50,000	As Arranged	As Arranged	Contractors
Equipment (Note 4)	$2,500	$3,000	Lump sum	Before Opening	Vendors, Approved Suppliers
Computer System (Note 5)	$800	$1,500	As Arranged	As Arranged	Vendor
Sound System (Note 6)	$3,000	$3,500	As Arranged	As Arranged	Vendor
Inventory (Note 7)	$5,000	$7,000	Lump sum	Before Opening	Vendors, Approved Suppliers, Us
Signage (Note 8)	$3,000	$5,300	Lump sum	Before Opening	Vendors
Grand Opening Marketing (Note 9)	$2,500	$2,500	As Incurred	Before Opening	Service Providers
Insurance (Note 10)	$1,000	$1,900	As Arranged	As Arranged	Insurance Providers
Training Expenses (Note 11)	$500	$3,500	As Incurred	As Incurred	Airlines, hotels, restaurants
Business Licenses (Note 12)	$65	$125	As Incurred	As Incurred	Government Agencies, providers
Professional Fees (Note 13)	$500	$1,500	As Incurred	As Arranged	Service Providers
Security Deposits (Note 14)	$0	$300	As Arranged	As Arranged	Lender, Approved Suppliers
Additional Funds (3 Months) (Note 15)	$11,400	$30,000	As Incurred	As Incurred	Employees, vendors, utilities
Total (Note 16)	$116,265	$180,125			

Notes to Item 7 table:

The following notes are intended to be read with the chart above.

Please note that we do not offer direct or indirect financing to you for any items. The availability and terms of financing from other sources will likely depend on factors such as the availability of financing generally, your creditworthiness, and the policies of lending institutions.

Except as otherwise stated, all amounts payable to us are not refundable. Payments you make to third-party vendors are presumed not to be refundable (unless you can negotiate otherwise with the vendors).

1. Initial Franchise Fee. This fee is discussed in detail in Item 5. The initial franchise fee must be paid when the Franchise Agreement is signed and is non-refundable. If you have also signed an Area Development Agreement, and you are in compliance with your obligations under the Area Development Agreement and all of your Franchise Agreements, then we will apply a credit from your development fee toward the initial franchise fee. The amount of the credit will be $38,000 for the first Studio and $10,000 for each additional Studio, so long as the total amount of the credits that we extend to you does not exceed the amount that you paid us as a development fee under the Area Development Agreement. Under an Area Development Agreement, you also pay a reduced amount of an initial franchise fee for your second and each additional Studio. See Item 5 for more details.

Also, as described in Item 5, in certain circumstances, we may agree to enter into a Deposit Agreement with you (if so, you must pay a Deposit, which will be credited against the initial franchise fee if you sign a Franchise Agreement).

2. Lease/Rent. If you do not own a location for your Studio, you must purchase or lease a space. You will probably need to lease a space at least one month in advance; however, you may attempt to negotiate an abatement from the landlord. The estimate in the chart is based on a Studio of between 1,200 and 1,600 square feet. Rent is estimated to range from $3.00 per square foot per month to $4.00 per square foot, per month, and the estimate is for a period of one month before the Studio opens, three months after the Studio opens, plus one month's security deposit, for a total of five months' rent.

Rent varies considerably from market-to-market and from location-to-location within each market. Rents may vary beyond the range that we have provided based on many factors (for example, the market conditions in the relevant area, the type and nature of improvements needed to the premises, the size of the Studio you select, the terms of the lease, and the desirability of the location). If you decide to lease more expensive space or larger premises, to locate in a more costly building, or to buy the real estate for the location of your Studio, you will incur additional costs that we cannot estimate.

3. Plans and Construction. You will need to construct improvements, or "build out," the premises at which you will operate the Studio, including the installation of the ballet "barre" fixture. Generally, you will take the premises in vanilla box" condition (for example, primed drywall ready to be painted, but without improvements) condition. Among other things, you will need to arrange for proper wiring and plumbing, floor covering, wall covering, partitions, heat, air conditioning, lighting, storefront modifications, painting, cabinetry, bathroom facilities, and the like. You will need to hire a licensed architect and a licensed builder. Costs are likely to vary, and may be much higher, if you wish to establish your Studio in an area where special

requirements of any kind apply (for example, historical, architectural, or preservation requirements). Sound proof walls are sometimes needed and/or required by your landlord.

4. Equipment. The estimate is for the equipment you will need to operate the Studio, such as the ballet barre, mats, and weights. You will need to obtain the exact equipment we specify and we may specify specific suppliers from which you may be required to purchase the equipment. The amounts noted on the chart are for locations that range in size from 1,200 to 1,600 square feet. You will pay suppliers for equipment, fixtures, trade fixtures, and other fixed assets.

5. Computer System. We require our franchisees to obtain and use the computer and technology hardware, operating software, and communications capabilities we specify from time to time (the "**Computer System**"). The Computer System currently includes an office computer capable of running the software and back-of-the-house on-line management system that we require and peripheral devices including receipt printers and credit-card-swipe readers. The Computer System is described in more detail in Item 11 under the heading "Computer System.

6. Sound System. We require our franchisees to obtain and use a music sound system that meets the specifications and standards that we periodically issue. The sound system currently includes a wireless microphone headset, speakers, iPod, iPod dock/remote, mixer and receiver.

7. Inventory. We currently require that you carry an inventory of exercise balls and socks that bear our Proprietary Marks, and you may carry additional Authorized Products. We have had exercise balls and socks prepared bearing the Proprietary Marks. We currently require that you purchase the logoed exercise balls from us and that you purchase the logoed socks from our designated supplier. We may specify designated suppliers from which you may be required to purchase other Authorized Products and any logoed items; but, at this time, you will purchase these directly from approved sources or sources of your own choosing (subject to our approval) at prices agreed upon by you and the supplier. Start-up inventory of Authorized Products and supplies will vary based on expected initial offerings, ranging from no products (other than a limited offering of socks and balls) to including some additional items and some apparel). This estimate is for the initial inventory only.

8. Signage. The cost of signs will vary from location to location depending on lease requirements, ordinances and restrictions, traffic patterns, competition, and related factors. In addition, other considerations – such as zoning ordinances – may affect your costs (both in terms of materials as well as professional fees that you will incur to get approval of your proposed signs and awnings). We will provide assistance to you in designing your signs and awnings; you must submit the final design to us for our review and approval. You will pay your sign fabricator directly.

9. Grand Opening Marketing. We will assist you in tailoring a marketing plan appropriate to your market. The estimate is for the initial marketing efforts you will need to make. Additional details regarding marketing can be found in Item 11, under the subheading "Marketing."

10. Insurance. The estimate is for the annual premium for the policies required under the Franchise Agreement. Insurance costs will vary depending upon factors such as the location of the Studio. Your obligations with respect to insurance are more fully described below in Item 8 of this disclosure document. The range does not include coastal locations.

11. Training Expenses. As described in Item 11, we provide initial training for you or your Principal Operator and your Franchised Business Manager (if you have one). You will need to arrange for transportation, lodging and food for yourself (or your Principal Operator), your Franchised Business Manager (if you have one), and for your employees during training. The estimates assume travel, meals, auto, and lodging, for one to three individuals. The cost you incur will vary depending upon factors such as the distance traveled, mode of transportation, *per diem* expenses actually incurred, and the number of persons who will attend training. The low estimate assumes that you live within driving distance of our headquarters and will not incur airfare; the high estimate assumes that you will incur costs for lodging, food and travel. If you send more than three persons to attend training, you will incur additional expenses.

12. Business Licenses. Local, municipal, county, and state regulations vary on what licenses and permits are required by you to operate. These fees are paid to governmental authorities before starting business.

13. Professional Fees. The estimate is for legal, accounting, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, lease negotiations, and the permitting process in your city. The hourly rate for advisors, accountants, and legal professionals will also vary.

14. Security Deposits. The figure is the estimated cost of telephone and utility deposits.

15. Additional Funds. You will need capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover on-going expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history, suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.

The figures in the chart and the explanatory notes are only estimates. Your actual costs may vary considerably, depending, for example, on factors such as: local economic conditions; the local market for the Studio; timing of your Studio opening; the number of staff that you hire; the prevailing wage rate; competition; the sales level achieved during the initial period of operation; and your management and training experience, skill, and business acumen.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

16. Total. We relied on our own business experience and the experience of our Affiliate in connection with its Company-owned Studio in in Encinitas, California when preparing these figures. You should review these estimates on your own, preferably with a business advisor of your own choosing.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General Requirements

You must operate the Franchised Business according to our System standards. System standards regulate, among other things: the services you may provide, and the types, models, and brands of equipment, furnishings, and signs you must use in operating the Studio; the types of products you may sell to customers at your Studio; and designated and approved suppliers.

Authorized Services. At all times during the term of the Franchise Agreement, you may offer customers only the Programs, and services that we have expressly authorized in writing for Studio to offer. We have developed the Programs and Program Materials as part of the System. These include specialized fitness and dance instructional routines, techniques and materials that are proprietary to us. We have the right to designate specific programs, classes, and services and products as optional or mandatory. In order to maintain the high standards of quality and consistency in the teaching of the Programs and delivery of services, and to protect the proprietary nature of these Programs and materials, you must use only the Program Materials that we specify and require, and do so in the manner we describe in the Manual.

Authorized Products and Logoed Items. We have the right to periodically designate or approve as "Authorized Products" additional services and items, such as fitness apparel, accessories and other products, for sale to customers in the Studios as part of the System. The Authorized Products may include items that bear our Proprietary Marks (for example, portable exercise equipment for use by customers, work-out gear and accessories, or bottled water), or to use items that bear our Proprietary Marks. We may designate these products as optional or mandatory. We have the right to require that you buy logoed items only from us or from one of our affiliates.

Suppliers and Specifications in General. We have the right to require that all Program Materials, other services that you use, as well as all products, supplies, materials, and equipment that you use in the operation of the Franchised Business or resell to customers of your Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from suppliers that we have expressly approved; and/or (c) be purchased only from a single source (which may include us or our affiliates or a buying cooperative that we organize). To the extent that we establish specifications, require approval of suppliers, or designate specific suppliers for particular items, we will publish our requirements in the Manual.

We may revoke our authorization at any time in the Manual or otherwise in writing. Authorized and approved manufacturers and suppliers may be required to demonstrate that they possess the ability to meet our standards and specifications and adequate quality controls, and the capacity to supply your needs promptly and reliably. When considering whether to approve suppliers for the System, we may consider any other factors we consider relevant, including factors relating to the price and quality of the products or services and the reliability of the supplier. We may approve a single supplier for any brand and may approve a supplier only as to a certain brand or brands. We may concentrate purchases with one or more suppliers to obtain the lowest prices or the best services for any group of Franchised Businesses or company-owned Studios in the System. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases, as set forth above. Approval may be provisional, pending our further evaluating the proposed supplier. We do not provide written criteria for approving suppliers to our franchisees, but we will consider the factors and issues described above in evaluating potential suppliers. We or an affiliate may act as an exclusive or nonexclusive supplier of any goods or services used in connection with operating the Franchised Business.

We may negotiate purchasing arrangements with suppliers that are willing to supply some products or services to some or all of the Studios in our system. If we do establish those types of arrangements, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products and other products and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the franchised network of Franchised Businesses.

If you want to offer or use services, programs, products, supplies, materials, and equipment that we have not approved or purchase from a supplier that we have not approved, you must submit to us a written request for such approval, or request the supplier itself to do so. You will have to pay our reasonable cost of inspection and evaluation of the supplier or review of the proposed programs and related materials, including wages, travel expenses, communication costs, and other costs we incur, whether or not the supplier is ultimately approved (see also Item 6). We have the right to grant, deny, or revoke approval of products, services, and suppliers as we determine appropriate. We will notify you in writing of our decision (to approve or disapprove) your request as soon as practicable (generally within 30 days) following our evaluation. We reserve the right to reinspect the facilities and products and reevaluate services of any approved supplier and to revoke approval upon the supplier's failure to meet any of our then-current criteria. If you receive a notice of revocation of approval, you will have to stop buying from the disapproved supplier and, in the case of revocation based on failure of products to meet our standards, you will have to dispose of your remaining inventory of the disapproved supplier's products, supplies, materials and equipment as we direct. To the extent we develop written specifications, we will provide our specifications to approved suppliers upon request. We, however, are not required to make available to prospective suppliers, the standards and specifications that we deem confidential.

None of our officers owns an interest in any companies that are vendors or suppliers to our franchisees (except to the extent that we or one of our affiliates is an approved or designated supplier as described below).

Specific Requirements

Program Materials. We currently provide the instruction materials for all of the Programs approved for use by Studios at this time. We do not charge you a separate fee for these instruction materials (you must pay us the Royalty Fee as described in Item 6). At this time, we have not approved any other Programs or instruction materials.

As part of the System, we will make periodic changes in the Program to be provided to customers in the Studios. We will provide the updates and changes in the Programs and Program Materials (including changed and new choreography, music and fitness routines) through the Manual or our Extranet. We will provide choreography upon the opening of your Studio and on a quarterly basis. You must promptly, and within the time frames we specify in the Manual, follow the changes and teach the revised Programs and materials to all Class Instructors so that all Programs are conducted for customers according to our standards and specifications. We will also specify in the Manual a minimum number of class sessions, measured on a per week basis, during which the Studios conduct the Programs.

Equipment and Inventory. In conducting the Programs, Studios will use various exercise equipment and fixtures, including a ballet barre, exercise balls, bands, tubes and mats. At this time, we have designated specific suppliers for exercise mats, bands and straps and we have established wholesale accounts with the vendors for franchisees' purchases of these items. Additionally, as described in Items 5 and 7, we have had exercise balls and socks prepared bearing the Proprietary Marks. You must purchase the exercise balls from us. We are currently the only approved supplier of these items. We also offer certain additional items, including logoed tags and apparel. You must purchase the logoed socks from our designated supplier. At this time, you will purchase all other equipment and Approved Products directly from approved sources or sources of your own choosing (subject to our approval) at prices agreed upon by you and the supplier.

Customer Contracts. Before a customer participates in a class, you must sign a contract with that customer using the form of customer contract and other materials that we prescribe in the Manual (which you must adapt, as needed, to meet applicable state and local laws). You must also enter all Customer Data into the Computer System in the manner we may specify from time to time and we may require that you provide us with copies of the signed customer contracts.

Computer System. You must obtain and use the computer hardware and operating software, as well as communications capabilities, that we periodically specify. We may modify specifications for and components of the Computer System. The Computer System is described in more detail in Item 11, and the estimated costs are described in Items 6 and 7. Our requirements currently include that you use software programs (currently "MINDBODY Online") for back-of-the-house on-line management functions only through designated suppliers.

Music. We require that you play music in the Studios and as part of the Programs according to the guidelines and requirements that we specify in the Manual. We currently require that you obtain a license from the America Society of Composers, Authors and Publishers ("ASCAP") for this purpose. You will obtain the license directly from ASCAP and pay an annual licensing fee to ASCAP. The amount of the licensing fee will be determined using ASCAP's licensing rates, and we estimate the current annual cost for a Studio is approximately $300. In the future, we may require you to use a different music or licensing vendor.

Marketing. For any marketing, advertising and other promotions that you conduct, you must comply with all our standards and requirements, including use of approved advertising and marketing materials, placement and purchase of advertising and marketing materials and media, and compliance with our guidelines. Our guidelines may include, among other things, requirements for, or restrictions regarding, the use of the Marks and notices of our Website's domain name in the manner we designate. We may specify third parties that you must use for the design and development of your local marketing and advertising. See Item 11 under "Marketing" for additional information.

Insurance. Under the Franchise Agreement, you must maintain in full force and effect the types of insurance and the minimum policy limits we specify in the Manual. Certificates of insurance with respect to these insurance policies must be provided to us at least 10 days before renewal or at the time a lease is signed (or as we may request). The insurance must meet the following requirements:

- The insurance policies must name us (and any of our affiliates that we may require) as the "Grantor of Franchise" additional insured.

- The insurance must be placed with an approved vendor and a carrier with an A.M. Best's Rating of not less than A-VII and licensed to do business in the state in which the Franchised Business is located.
- The insurance may not be subject to cancellation or any material change except after 30 days' written notice.
- The insurance policies must provide that even if you do not comply with the contract, or engage in other conduct, the insurance coverage will not be voided or otherwise affect the coverage afforded to us and our affiliates.
- The insurance policies must contain a waiver of subrogation in favor of us for casualty losses.
- Minimum coverage requirements include:

Type of Coverage	**Limits/Specifications**
Comprehensive General Liability	$3 million Bodily Injury/Property Damage Per Occurrence / $5 million Aggregate
Building Improvements and Betterments	At least $35,000 – Special Form Coverage – Full Replacement Cost – No Coinsurance
Business Personal Property	At least $8,000 – Special Form Coverage – Full Replacement Cost – No Coinsurance
Business Income	Twelve (12) Months of Continuing Royalty Payments
Flood and Earthquake	Subject to Territory Limitations
Workers' Compensation	Minimum of $5,000, up to Statutory Requirements
Stop Gap or Employer Liability	$1 million each accident $1 million policy limit
Commercial Umbrella	Not less than $1 million
Owned, Hired and Non-Owned Automobile Liability	$1 million Combined Single Limit
Property Insurance	At least 90% of full replacement value for Studio due to loss or damage, and including flood, and earthquake

If you do not obtain or maintain the requisite coverage, we will have the right (but not the obligation) to pay any premium or obtain the required coverage on your behalf and charge you back for those premiums.

Accounting and Bookkeeping. We have the right to designate certain accounting software, and a common chart of accounts that you must use in preparing and submitting your financial statements to us. We also may require that you use a bookkeeping service and an independent certified public accountant that we approve.

Required Purchases from Us

Except for the Program Materials and logoed exercise balls and some apparel, neither we nor any affiliate of ours is currently an approved supplier of products or services to our franchisees, although we may supply additional items in the future. To the extent that franchisees purchase or lease items from us, we will derive revenue from these purchases and leases. During our fiscal year 2017 (which ended December 31, 2017), we derived $52,289 in revenue from selling these items to franchisees, which represented approximately 14.2% of our total revenues of $402,175.

Required Purchases or Leases as Percentage of Overall Purchases or Leases

We estimate that your purchases or leases from us, from designated and/or approved suppliers, or otherwise in accordance with our specifications will represent, collectively, approximately 50% - 70% of your total purchases in establishing the Franchised Business, and approximately 50% - 70% in the continuing operation of the Franchised Business.

Supplier Rebates

We reserve the right to collect and retain certain rebates, credits, monies, payments and benefits offered to us or to our affiliates by suppliers based upon your purchases of products and other goods and services. We or an affiliate may from time to time charge suppliers a fee as a percentage of franchisee purchases or a flat fee charge. During 2017, we received rebates of approximately $13,792 from of approved supplier.

Purchasing or Distribution Cooperatives and Purchase Arrangements

Currently, there are no purchasing or distribution cooperatives in existence. We may negotiate purchase arrangements, including price terms, with suppliers regarding various services and products. In doing so, we intend to seek to promote the overall interests of our franchise system and our interests as franchisor. As described above, we have negotiated with the designated suppliers of the logoed socks, exercise mats, bands and straps to establish wholesale accounts for our franchisees' purchases, and with the supplier of MindBody Online in connection with the credit card payment processing rates and monthly fees (see Item 11 for additional information regarding MindBody Online services). Otherwise, there are no negotiated purchase arrangements in effect at this time.

Material Benefits for Use of Approved Sources

We do not provide material benefits to you based upon your use of designated or approved sources or your purchase of particular products or services.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Section in Deposit Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	§§ 1.2, 5, and Site Selection Addendum	§ 1 and Exhibit A	Not applicable	8 and 11
b. Pre-opening purchases/ leases	§ 3.11, 5	Not applicable	Not applicable	7 and 8
c. Site development and other pre-opening requirements	§§ 3.2, 5.1, 5.4, and 5.6	§ 2 and Exhibit A	Not applicable	8 and 11
d. Initial and ongoing training	§§ 6 and 8.3.3	Not applicable	Not applicable	11
e. Opening	§§ 3.7, 5.1, 5.7 and 8.2	§ 2 and Exhibit A	Not applicable	11
f. Fees	§§ 4, 12.6	§ 4	§ 2 and 3	5, 6 and 7
g. Compliance with standards and policies / Operating Manual	§§ 1.4, 3.4, 5, 7, 8.4, and 10	§ 9.3	Not applicable	8, 11, and 14
h. Trademarks and proprietary information	§§ 1.1 and 9	§ 7	§§ 6 and 8	13 and 14
i. Restrictions on products/ services offered	§§ 1.4 and 7	Not applicable	Not applicable	5, 8, and 16
j. Warranty and customer service requirements	§ 8.3.1	Not applicable	Not applicable	Not applicable
k. Territorial development	§ 1.3	§§ 1 and 2 and Exhibit A	Not applicable	12
l. Ongoing product/ service purchases	§ 7	Not applicable	Not applicable	8
m. Maintenance, appearance and remodeling requirements	§§ 5 and 8.6	Not applicable	Not applicable	8

Obligation	Section in Franchise Agreement	Section in Area Development Agreement	Section in Deposit Agreement	Disclosure Document Item
n. Insurance	§ 14	§ 9.1	Not applicable	7 and 8
o. Marketing	§§ 3.5 and 13	Not applicable	Not applicable	6 and 11
p. Indemnification	§ 21 and Ex. C	§§ 9.7 and 13	Not applicable	Not applicable
q. Owner's participation/ management/ staffing	§§ 6.1 and 8.3	Not applicable	Not applicable	15
r. Records/reports	§§ 12 and 15.7	Not applicable	Not applicable	6
s. Inspection/ audits	§§ 3.8 and 12	Not applicable	Not applicable	6 and 11
t. Transfer	§§ 16 and 19.5	§§ 9.2 and 10	Not applicable	17
u. Renewal	§ 2.2	Not applicable	Not applicable	17
v. Post-termination obligations	§§ 12.1.1, 18 and 19.3	§ 9.4	§ 6	17
w. Non-competition covenants	§ 19	§ 9.5	Not applicable	17
x. Dispute resolution	§ 26	§ 9.11	§ 12	17
y. Taxes/permits	§§ 4.6 and 20	§ 9.6	Not applicable	1
z. Other: Personal Guarantee	Ex. C	Not applicable	Not applicable	15

ITEM 10: FINANCING

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

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

Except as listed below, Studio Barre Franchising LLC is not required to provide you with any assistance.

Pre-opening Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you.

Before you open your Studio:

(1) Before the Studio opens, we will provide to you, and to your Highly Trained Personnel (defined below), the training programs that we designate. Our training programs will be conducted in the English language. We will be responsible for the cost of instruction and materials. (Franchise Agreement, Sections 6.3-6.5)

(2) We will provide, at no charge to you: (a) our general plans and specifications for the design and appearance of Studios, including certain design elements that you must incorporate into your Studio (together the "**System Design Elements**"), and (b) our specifications for equipment, furnishings, fixtures, as well as computers and other technology systems (as further described in Section 15 below), and signage that you must incorporate into your Studio (the "**Operating Assets**"). Our System Design Elements may include minimum standards for portions of the Studio (such as minimum requirements for bathrooms, customer dressing areas, and back-office areas), as well as specifications for décor and general layout. (Franchise Agreement, Section 5.3)

(3) We have the right to inspect and approve the Studio for opening before the initial opening. You may not start operation of your Studio until receiving our approval to do so, and you must have our approval at least one week before you actually open. (Franchise Agreement, Section 3.8)

(4) If you have three or fewer Studios operating under the System, we will provide such additional on-site pre-opening and opening supervision and assistance as we deem advisable. (Franchise Agreement, Section 3.2)

(5) We will lend to you, for the duration of the Franchise Agreement, one copy of the confidential operations manual (the "**Manual**"), which we will provide in the format we choose (which may be some combination of online pages, printed materials, or otherwise). (Franchise Agreement, Section 3.4)

(6) We will assist you in developing the Grand Opening Marketing Program (which is more fully described in Items 6 and below in this Item 11 of this disclosure document); you will be responsible for the cost of this program. (Franchise Agreement, Section 3.7)

(7) We will provide you with a written list of equipment, supplies and suppliers of such materials that are needed to open your Studio. We will also provide you with a list of suggested opening inventory of authorized products. (Franchise Agreement, Section 3.11)

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

Continuing Obligations

We are required by the Franchise Agreement to provide certain assistance and service to you. During the operation of your Franchised Business:

(1) We will provide choreography upon opening and on a quarterly basis. (Franchise Agreement, Section 3.3)

(2) We may conduct, as we deem advisable, periodic inspections of the Studio, and may evaluate the services rendered and products sold by your Studio, including in-person evaluation of you and your employees while conducting Programs with your customers. (Franchise Agreement, Section 3.9)

(3) We will provide ongoing training that we periodically deem appropriate, at such places and times that we deem proper. (Franchise Agreement, Section 6.3)

(4) If you request (and if we are able to provide it), we will provide the assistance and counsel of our qualified representative, who will be experienced in the operation of Studio Barre Businesses at the retail level, subject to availability of our staff. If we provide this assistance, then you will be charged a daily fee and reasonable expenses for this assistance and counsel. (Franchise Agreement, Section 3.12)

(5) We have the right to administer the Creative Fund as stated in the Franchise Agreement and as described below in this Item 11. (Franchise Agreement, Section 3.6)

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Studio.

Site Selection.

Unless you already possess a site that we approve at the time you sign the Franchise Agreement, you are responsible for finding and then leasing a suitable site for your Studio in the manner described in the Site Selection Addendum (Exhibit F of the Franchise Agreement). Under the terms of the Site Selection Addendum, you will have 110 days within which to lease, sublease or acquire a site for the Studio, subject to our approval. We will furnish you with our minimum standards for the location of a Studio. Our requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage. We are not required to provide other assistance in selecting or securing a site.

You must obtain our written approval of a proposed location before you commit to it. Within 45 days after signing the Franchise Agreement, you must notify us of a proposed site and submit a site review report, including photographs, demographic information, and other information that we may require. We will have 30 days from receiving the information to approve or reject the proposed site. We may, but are not obligated to, conduct on-site evaluation of any proposed sites. If we conduct more than one in-person visit for site evaluation purposes, then for the second (and any additional) in-person site evaluation, you must reimburse us for our reasonable costs of travel, lodging, wages, and meals. Until we have given our written approval, a site will not be "approved." If we do not approve a proposed site, you will have 30 days to submit another proposal. Once you obtain the right to use an approved site, it will be your "Approved Location." If you fail to acquire or lease a site for the Studio under the Site Selection Addendum within the time required, we may terminate the Franchise Agreement (and, as described in Item 5, the initial franchise fee is non-refundable).

In evaluating your proposed site, we will consider demographic data you provide, as well as other information regarding the characteristics of the location and area. This will include: general location and neighborhood; proximity to other Studios; square footage of dedicated space available; traffic volume and patterns; competition; demographic and traffic pattern; signage and visibility; size and ease of access to the proposed site; condition of the building where the site is located; the availability of parking; the proposed lease or sublease; utilities; and zoning issues. The purpose of our reviews, as well as the guidelines and any assistance that we provide, is to evaluate whether a proposed site meets our standards and criteria regarding the physical location for a Studio.

After we have approved your site, you must prepare the Studio at the Approved Location at your own expense, including any construction, remodeling, furnishing, decorating, and equipping according to our requirements for System Design Elements and Operating Assets. You will prepare any architectural and working drawing necessary to complete the development of your Studio, which will incorporate standards and specifications for System Design Elements. We may require that you submit all plans to us for approval before you begin construction or build-out. After we have given our approval, you may not deviate from such approved plans and drawings without obtaining our prior written approval.

We estimate that the time period between the signing of the Franchise Agreement and the start of operations will be approximately three to four months if you have selected a site acceptable to us at the time you sign the Franchise Agreement, and three to six months if you do not have an acceptable site selected at that time. Factors that may affect the time it takes for to begin operating include the length of time for you to: identify and secure your Approved Location; obtain necessary permits and licenses; build-out your Studio at the Approved Location; and identify and train persons qualified to act as your Class Instructors. You must open the Studio within six months after you sign the Franchise Agreement.

If you have signed an Area Development Agreement, we estimate that the time from execution of the Area Development Agreement to the opening of the first Studio under the Development Schedule (and under a separate Franchise Agreement) will be approximately three to six months if you do not have an acceptable site selected at that time months. We will approve sites for additional Studio locations under an Area Development Agreement using the then-current site criteria we use at the time(s) requested.

<u>Staffing</u>

You must maintain a competent, conscientious, trained staff, including trained Class Instructors, in numbers sufficient to promptly service customers, and you must also have personnel to operate a front desk during Studio operating hours to assist in providing customer service. Additionally, if you or your Operating Principal will not assume full-time responsibility for the daily supervision and operation of the Franchised Business, then you must employ a full-time manager (the "**Franchised Business Manager**") with qualifications reasonably acceptable to us, for the daily operation of the Franchised Business. You must inform us in writing before attending training, whether you (or the Operating Principal) will assume full-time responsibility for the daily supervision and operation of the Franchised Business.

After you have been open for at least 3 months, if you are offering on a regular basis a minimum of 30 classes per week, you may request to have a person trained and approved by us to act as your "Master Teacher Trainer." A "**Master Teacher Trainer**" must have qualifications reasonably acceptable to us and, after satisfactorily completing training by us, will be responsible for teaching the Programs, Program Materials and customer instruction techniques, standards and procedures to your Class Instructors. The training fee for a Master Teacher Trainer is currently $1,025.

Training

Before opening the Franchised Business, you (or your Operating Principal) and your Franchised Business Manager (if required as described above) must attend and successfully complete, to our satisfaction, the initial training program we offer for Studio franchisees. This training program is conducted at our headquarters or another location that we specify, as further described below. Additionally, at least three individuals you intend to act as your Class Instructors must attend and successfully complete our initial training program for Class Instructors. (Franchise Agreement, Sections 6.2 - 6.5)

You may send up to four intended Class Instructions, your Operating Principal, and all of your Principals to the initial training program. If you ask to send additional individuals to the initial training program, then you must pay us a training fee, which will be determined according to the role each such person will perform in your Franchised Business (the fee is currently $275 per additional Class Instructor). We do not charge a separate fee for individuals who will only attend the management and back-office portions of our initial training program.

Description of Training: You (or your Operating Principal), Franchised Business Manager, and at least three intended Class Instructors must each begin the initial training program at least 45 days before the Franchised Business is scheduled to begin operation. Our initial training program includes two phases.

- The ***first phase*** is conducted at our headquarters (or another location that we specify) and consists of approximately four days of training on how to become a class instructor for all intended Class Instructors, and two more days of training on management and back-office training for your Franchised Business Manager and Operating Principal and Owners. If your Franchised Business Manager and Operating Principal will not provide class instruction, then the management and back-office training may run concurrently with the other training, although we may require that your Franchised Business Manager and Operating Principal attend portions of the training relating to class instruction.

- The ***second phase*** of training occurs at your Studio. In the second phase, our training personnel will oversee, via an electronic link (such as a private Facebook page, Skype, or other form of video conference), your intended Class Instructors as they conduct for our review mock classes to demonstrate their ability to provide the Programs to our standards and satisfaction. We will review the demonstration class(es) either in-person or by electronic link. You must complete the second phase of training and obtain our written approval of each Class Instructor within thirty days of your completion of the first phase of training.

After you complete the first phase of training and before you begin the second phase (which is when we will evaluate your Class Instructor performance in teaching mock classes), your intended Class Instructors will need to practice at your Studio or other locations. In doing so, they will use the training and materials that we provide during the first phase of training. As part of this training and evaluation process, we expect that each proposed Class Instructor will lead approximately 8 to 10 hours of mock classes. We will evaluate the instructor's performance and, as we determine appropriate, provide feedback to the instructor for further improvements.

We use the term "**Highly Trained Personnel**" to mean you, the Operating Principal, your Franchised Business Manager (if applicable), and Master Teacher Trainer (if you have one), who have successfully completed all training that we require for their position.

We alone have the right to judge whether a person has successfully completed training. If you or your personnel fail to complete initial training to our satisfaction, you or they may repeat the course or may send a substitute to the next available scheduled training session; however, we will have no obligation to extend the opening deadline for the Franchised Business for this purpose, and we reserve the right to terminate the Franchise Agreement if the Franchised Business Manager, Operating Principal, Master Teacher Trainer (if you have a person certified for this role), or Class Instructors are unable in our opinion to successfully complete training. We have the right to charge you a reasonable fee for repeated initial training.

The subjects covered in the initial training program are described below.

TRAINING PROGRAM

Subject	# Hours Of Class-Room Training	# Hours Of On-The-Job Training	Location
Phase 1			
Teacher Training	*24 hours total*		Carlsbad, CA
Warm up	2		Carlsbad, CA
Exercises	6		Carlsbad, CA
Cardio Snack Training	1		Carlsbad, CA
Stretching	2		Carlsbad, CA
Classroom Etiquette	1		Carlsbad, CA
Verbal Cues and Vocals	1		Carlsbad, CA
Classroom Atmosphere	1		Carlsbad, CA
Class Participation and Observation	4		Carlsbad, CA
Mock Teaching	5		Carlsbad, CA
Test	1		Carlsbad, CA
Other Highly Trained Personnel Training	*24.5 hours total*		Carlsbad, CA
Day 1			
Customer Service SB Culture	2		Carlsbad, CA

Subject	# Hours Of Class-Room Training	# Hours Of On-The-Job Training	Location
Mind Body Training	4		Carlsbad, CA
Retail	1.5		Carlsbad, CA
Wrap up	0.5		Carlsbad, CA
Day 2			Carlsbad, CA
MB Training	2		Carlsbad, CA
Manual Instruction/Review	1.5		Carlsbad, CA
Employment/Staff	2		Carlsbad, CA
Marketing	2.5		Carlsbad, CA
Wrap up	0.5		Carlsbad, CA
Day 3			Carlsbad, CA
Visual Merchandising	2		Carlsbad, CA
Vendors	2		Carlsbad, CA
Website	2		Carlsbad, CA
Suppliers	1.5		Carlsbad, CA
Wrap up	0.5		Carlsbad, CA
Phase 2 – Evaluation			
On Site Teacher Training/Evaluation		60	Your Studio – other location you select
Total for Teacher Training/Evaluation	***24 total***	***60 total***	
Total for other Highly Trained Personnel	***24.5 total***	***0***	
Overall Total with Studio Barre	**48.5 total**	**60 total**	

We conduct the initial training as frequently as we determine it necessary in order to hold a training class. The instructional materials for our training programs include the Manual, lecture, discussions, and practice.

Our training program is conducted and supervised by Shannon Higgins. Shannon is our founder and has been our President. Shannon has over 30 years of experience in fitness and related dance occupations. Additionally, as described in Item 1, Shannon has operated under the "Studio Barre" name and system since January 2012, before that, she operated a fitness studio business from April 2008 to December 2011. And Shannon's experience also includes a professional ballet career, studying and performing for over 16 years, and has been a certified personal trainer for over twelve years. We may in the future add additional persons to our training staff.

Additional Terms Regarding Training

You must obtain our prior written approval for each new Class Instructor before they may conduct programs for customers. As part of our evaluation of each individual, we have the right to require that your intended Class Instructors perform a demonstration class that we may review by electronic link (such as video conference).

If you have an approved Master Teacher Trainer, we may approve your Master Teacher Trainer to provide additional and ongoing training to the Class Instructors whom we have approved or to train new persons to serve as additional or replacement Class Instructors. If we do so, all training must be conducted according to our standards. During any period that you do not have an employee acting as a Master Teacher Trainer trained and approved by us, we may require that your Class Instructors come to our headquarters or another location that we specify for training.

If any of the Highly Trained Personnel cease active management or employment at the Franchised Business, or if we disapprove of any of the Highly Trained Personnel, then you must enroll a qualified replacement who is acceptable to us in our initial training program within 30 days. The replacement must attend and successfully complete the basic initial training program, to our reasonable satisfaction, as soon as it is practical to do so. You must pay us a training fee for each replacement trainee. Our replacement training fees are currently: (a) for Phase 1: $350 per Franchised Business Manager and Operating Principal; and $625 per Class Instructor, except that we will reduce the fee to $375 for each additional Class Instructor trainee who when attends the same session; and (b) for Phase 2: $695 per Class Instructor, except that if you have an approved Master Teacher Trainer who can assist with the replacement training, then we will allow your Master Teacher Trainer to conduct Phase 1 at your site, and we will reduce the Phase 2 fee to $350 for each Class Instructor.

We may, at any time during the term of this Agreement, decertify any previously certified Class Instructor or Master Teacher Trainer if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Anyone who has been decertified must satisfactorily complete a training (or re-training) program to receive our certification. We reserve the right to charge for training (or re-training) personnel who were decertified. The charge is currently $250 per person per day.

We may also require that your Highly Trained Personnel and Class Instructors attend refresher courses, seminars, and other training programs that we may periodically specify.

We may conduct training programs (other than the initial training of your Highly Trained Personnel) using electronic links (such as podcast or Skype) or distance learning tools and web-based training programs. Our training programs will be conducted in the English language.

If you request additional on–site training, and we are able to do so, then you will pay us our then–current *per diem* charges and out–of–pocket expenses. Our per diem charges will be specified in our Manual, and the current amount is $250 per person per day (as also described in Item 6 of this disclosure document).

We will bear the cost of conducting training (instruction and required materials for training and quarterly training) except for additional and replacement training and additional on-site assistance and training, as noted above and in Item 6. You will bear all other expenses incurred in attending any training, such as the costs of transportation, lodging, meals, wages, and worker's compensation insurance (see Items 6 and 7 of this disclosure document).

Marketing

We can require that you spend money on local marketing and promotion, contribute to a common marketing and promotion fund (the "**Creative Fund**"), and/or contribute to a fund for your specific region ("**Regional Fund**"). We refer to these collectively as the "**Marketing Obligation**." We will determine what proportion of the Marketing Obligations you must: (1) contribute to the Creative Fund; (2) contribute to a Regional Fund (if one is established for your region); or (3) spend on local marketing and promotion. We currently require our franchisees to spend 2% of Gross Sales on local marketing and to contribute 1% of Gross Sales to the Creative Fund (see Item 6 for additional details regarding the amounts for marketing and promotion). We have the right to change both the allocation and the amount of your expenditure among the Creative Fund and Regional Fund and local marketing; but no matter how we determine to split your Marketing Obligations, the total amount that we will require you to pay or spend during any year will not exceed 4% of your Gross Sales. If a Regional Fund is formed and if the members vote to require additional contributions (see paragraph (e) below under "Regional Funds"), then the additional contributions (which may be up to an additional 1% of Gross Sales) will not be included in the calculation of the 4% maximum Marketing Obligation. (Section 13.1 of Franchise Agreement) We are not required to spend monies on advertising in your territory or in any specific area.

We formed the Creative Fund in 2014. We have not formed any Regional Fund, and therefore there are currently no required Regional Fund contributions. If we conduct advertising, we may use direct mail, print, online, Social Media/networking and other digital media, radio, or television, which may be local, regional, or national in scope. We may create marketing and advertising in-house or hire an agency for marketing, advertising and public relations purposes. At this time, there is no franchisee council that advises us on marketing, but we may later elect to form a franchisee group to advise on marketing policies.

Creative Fund

During any period that the Creative Fund is in effect, we will have sole discretion over how the Creative Fund creates, places, and pays for national marketing. We (or our designee, which might be a corporate subsidiary or a marketing or public relations agency) will maintain and administer the Creative Fund, as follows:

(a) We (or our designee) will direct all marketing programs, with the sole right to decide the concepts, materials, and media used in these programs and the placement and allocation of the programs. The Creative Fund is intended to maximize general public recognition (building the "Studio Barre" brand), acceptance, and use of "Studio Barre" brand name and System. Neither we nor our designee will be obligated to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Creative Fund.

(b) The Creative Fund, and all contributions to and any earnings from the Creative Fund, will be used exclusively to meet the costs of marketing and any other activities that we believe will enhance the System's image and, in our sole discretion, promote general public awareness of and favorable support for the System.

(c) You must contribute to the Creative Fund and to any Regional Fund by electronic funds transfer using the Automated Clearing House (ACH) Network every month based on your Gross Sales in the previous month. All sums you pay to the Creative Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except that we will have the right to charge the Creative Fund for the reasonable substantive and administrative costs and overhead that we incur in activities reasonably related to the direction and implementation of the Creative Fund and marketing programs for you and the System (for example, costs of personnel for creating and implementing, advertising, merchandising, promotional and marketing programs, and associated overhead). The Creative Fund and its earnings will not otherwise inure to our benefit or be used to solicit the sale of franchises. We or our designee will maintain separate bookkeeping accounts for the Creative Fund.

(d) The Creative Fund is not and will not be our asset.

(e) We are not required to have an independent audit of the Creative Fund completed. We will make available an unaudited statement of contributions and expenditures for the Creative Fund 120 days after the close of our fiscal year to franchisees who make a written request for a copy. (Franchise Agreement Section 13.4.4) We may allocate a reasonable amount of the Creative Fund toward the cost of the maintenance and further development of our (or any affiliate) websites relating to the System (which may have a section relating to our franchise opportunity) including webpages developed for each Studio, and all advertising and promotional material may reflect the availability of *Studio Barre* franchises. Otherwise, we will not use any Creative Fund monies for advertising that is principally a solicitation for the sale of franchises

(g) We will have the right to make (or not make) all expenditures for advertising and promotional activities. In any calendar year, we may spend more or less than that year's aggregate contributions to the Creative Fund. We may have the Creative Fund borrow from us or other lenders to cover any deficits or to pay for marketing or other programs we determine are beneficial. We may have the Creative Fund invest any surplus for the Creative Fund's future use.

(f) Although the Creative Fund is intended to be of perpetual duration, we maintain the right to terminate the Creative Fund. The Creative Fund will not be terminated, however, until all monies in the Creative Fund have been expended for marketing purposes.

Company-owned Studios will contribute a percentage of their receipts to the Creative Fund on the same basis as franchisees. If we reduce the Creative Fund contribution for any franchisees, we will reduce our contribution for company-owned Studios by the same amount. Monies that we or our Affiliate or any other affiliates spend on activities, materials or products to advertise and promote the System and Studios (which may include costs for our Website and on-line advertising (other than advertising primarily targeted toward the sale of franchises)) will be credited towards our or our Affiliate's and other affiliates' contribution obligations. During 2017, the Creative Fund conducted promotions for the Studio Barre System and the amounts spent by the Creative Fund were, approximately, 30% on production, 40% on media placement though social media, and 30% on administration.

Regional Funds

We will have the right, as we see fit, to establish a Regional Fund for your region. The purpose of a Regional Fund is to conduct marketing campaigns for the Studios located in that region. We do not require that you participate in a separate regional or local cooperative.

If a Regional Fund for your area was established before you began to operate your Studio, then when you open your Studio, you must immediately join that Regional Fund. If a Regional Fund for your area is established after you begin to operate your Studio, then you will have thirty days to join the new Regional Fund. You will not be required to be a member of more than one Regional Fund. The following provisions will apply to each Regional Fund (if and when established):

(a) Regional Funds will be established, organized, and governed in the form and manner that we have approved in advance.

(b) Regional Funds will be organized for the exclusive purpose of administering regional marketing programs and developing (subject to our approval) standardized marketing materials for use by the members in regional marketing.

(c) Regional Funds may not use marketing, advertising, promotional plans, or materials without our prior written approval, as described below.

(d) You must submit your Regional Contribution to the Regional Fund by electronic funds transfer using the Automated Clearing House (ACH) Network by the tenth calendar day of each month based on your Gross Sales in the previous month. At the same time, you will have to submit the reports that we or the Regional Fund require. We may require that your Regional Contribution and reports to the Regional Fund be made to us for distribution to the Regional Fund.

(e) A majority of the Studio owners in any Regional Fund may vote to increase the amount of each Studio owners' Regional Contribution by up to an additional 1% of each Studio's Gross Sales. Voting will be on the basis of one vote per Studio, and the Studios we operate in the region, if any, will have the same voting rights as those owned by franchisees.

(f) Although, if established, a Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.

Local Marketing

As explained above in this Item 11 and in Item 6 (note 2), we have the right to designate a portion of the Marketing Obligation for you to independently spend on local marketing within the Territory (see below for what is considered as "local marketing"). If we do so, then at our request, you must submit appropriate documentation to verify compliance with any local marketing spending obligations. We also have the right to require that you pay the amounts required for local marketing to an account designated by us and to which we will have access. You will then use the monies in that account to carry-out the local marketing for your Franchised Business.

Certain criteria will apply to the local marketing that you conduct. All of your local marketing must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, advertising, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials (unless, within the previous six months, we prepared or already approved the plans or materials). You are not required to obtain our approval of the prices you intend to charge. If we do not give our approval within fifteen days, we will have been deemed to disapprove the plans or materials.

All copyrights in and to marketing, advertising and promotional materials you develop (or that are developed for you) will become our sole property. You must sign the documents (and, if necessary, require your independent contractors to sign the documents) that we deem reasonably necessary to implement this provision. (The requirements in this paragraph, as well as in the previous paragraph, also apply to any Regional Funds.)

In addition to (and not in place of) your ongoing local marketing expenditures, you must spend not less than $2,500 on local marketing conducted for the Studio's Grand Opening, according to our specifications for that program. You must complete the Grand Opening marketing program no later than three months after the Studio first opens for business. All materials used in the Grand Opening marketing will be subject to our prior written approval, as described above. The Grand Opening marketing is considered "local marketing" and is therefore subject to the restrictions described below. We will work with you to develop your Grand Opening plan.

We will periodically make available to you, for purchase, certain marketing materials for your use in local marketing and promotion.

As used in the Franchise Agreement, the term "**local marketing**" refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), media (space or time), promotion, and your direct out-of-pocket expenses related to costs of marketing in your local market or area. Local marketing and promotion also includes associated marketing and advertising agency fees and expenses, postage, shipping, telephone, and photocopying costs. "Marketing" does not, however, include any of the following:

(a) Salaries, incentives or discounts offered to your employees, and your employees expenses;

(b) Charitable, political, or other contributions or donations;

(c) The value of discounts given to consumers;

(d) The cost of food; and

(e) Specialty items (for example, water bottles, banners, t-shirts, and premiums), unless they are a part of a market-wide advertising and sales promotion program (if so, only to the extent you do not recover the cost of the items by the promotion).

"Online Sites" are considered "marketing" under the Franchise Agreement, and are subject (among other things) to our review and prior written approval before they may be used. Online sites (as described below) include, among other things, websites, social media/networking sites, apps, and all other electronic and digital media.

Electronic Point-Of-Sale and Computer Systems

We require our franchisees to buy a computer system ("**Computer System**"). You must meet our requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Studio; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; (e) Internet access mode (such as the form of telecommunications connection) and speed; and (f) our back-of-the-house on-line management system (currently "MINDBODY Online").

We currently require that you have a computer with sufficient capacity and functionality to serve as an office computer and to run the software and back-of-the-house on-line management system that we require, which is currently MINDBODY Online (which is further described below). The Computer System currently also uses peripheral devices including receipt printers, credit-card-swipe readers. The hardware and software is not proprietary to us. Other than the MINDBODY Online program, you may purchase the computer hardware and software from any supplier, if the equipment and software meets our specifications. You must also establish merchant accounts and internet-based credit card accounts for use with online card authorizations.

MINDBODY Online is cloud-based business management software program that performs a variety of functions. These functions include: online sales and scheduling through a website interface that customers will use to create accounts, sign-up and payment for classes with your Franchised Business; auto-appointment reminders; input and storage of customer data; scheduling of classes offered and instructors to conduct classes; inventory management; payroll reports; and preparation of other sales and accounting reports and other business analytics. We and each franchisee may use it to and generate various accounting records that are available to you (and us) online, and will allow you to generate your own reports. There is a monthly subscription fee for MINDBODY Online, which is currently $99 to $125 per month under the rates we have negotiated, depending on the volume of use and assistance needed. At this time, according to the terms negotiated for these services, MINDBODY Online bills us for all franchisees' monthly subscription fees, which we collect and remit to the vendor.

You must be able to access information that is available on the Internet, and be able to send and receive email. We may periodically require you to upgrade and update the hardware and software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We will provide a "Studio Barre" e-mail address (that is, one that will contain the Top Level Domain Name "studio barre.com") for you to use in connection with the operation of the Studio.

We estimate that it will cost you approximately $1,000 to $1,800 to purchase the necessary components for the Computer System. If you prefer to lease the components, you may seek to negotiate a lease directly with the vendor. We do not have current information regarding the possible availability, terms or costs of leasing the computer components.

We do not currently have independent access to your computers, but will have the right to request access to all of your information and data (or to change our standards to permit us to have independent access), and there are no contractual limitations on our right to access the information and data. Additionally, we will have independent access to the information generated through MINDBODY Online. We will exclusively own all data provided by you, downloaded from your Computer System, and otherwise collected from your Computer System. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

Neither we nor any affiliate or supplier is required to provide you with ongoing maintenance, repairs, upgrades or updates. We rely on suppliers to provide support for the hardware and software and we may require that you enter into service contracts directly with the hardware and software suppliers and pay the suppliers directly for this support. Other than for MINDBODY Online, which is described above, we do not currently require that you purchase any maintenance, update, upgrade or support contracts for the Computer System. We do not have information about the availability or annual cost of any optional maintenance, upgrading, updating or support contracts.

We may require that you participate in a gift card program that we specify. In such event, you must purchase the software, hardware, and other items needed to sell and process gift cards, as we specify in writing, and pay fees (which may include monthly and per-swipe transaction fees) that vendors or the gift card system may require.

We may make substantial modifications to our computer specifications, and may require that you comply with those modifications and possibly install an entirely different computer system. We may also require you to replace or upgrade the entire Computer System with a more advanced or larger system capable of assuming and discharging all the computer-related tasks and functions we specify. We will endeavor to keep the frequency and costs of changes low, but there are no contractual limits on the frequency or cost of your obligations to obtain these upgrades. (Franchise Agreement, Section 15)

Online Sites

Unless we have otherwise approved in writing, you may not establish nor permit any other party to establish an Online Site relating in any manner whatsoever to your Studio or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social media sites, social networking sites (for example, Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iPad or Android apps), and other applications, etc. However, if we approve a separate Online Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Online Site without our prior written approval; (2) before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify an Online Site without our prior written approval; (4) you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Online Site and other

Online Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

Manual

The table of contents of the Manual is attached as Exhibit I. The total number of pages in the Manual is 171 pages.

ITEM 12: TERRITORY

Franchise Agreement

Under the Franchise Agreement, you will receive a "Protected Territory", which will be a particular area surrounding the Studio.

The Protected Territory will be based on a particular area surrounding the Studio. The size of the Protected Territory granted will vary from franchise to franchise, but will typically be an area approximately the size of a circle with a one to two mile diameter for a typical urban Studio location, and a four to six mile diameter for a suburban Studio location. The exact size and boundaries of the Protected Territory may vary based on a number of additional factors including the traffic patterns, demographics, competition, and location of any existing Studio Barre Studios in the general area. This means that the Protected Territory may not be a circle (for instance, it may be based on street blocks or territory borders may be identified by streets and road intersections), and a Studio may not be in the center of its Protected Territory. We will determine whether a location is "urban" or "suburban", but an urban location will typically be located in or near a business district of a large metropolitan area, and a suburban location will typically be located near residential areas (that are not part of or included within a central business district) and in or near outdoor strip-malls. We will designate the Protected Territory after you propose, and we approve, the Approved Location for each Studio. Once determined, the Protected Territory will also be drawn on a map and the map will be attached to the Franchise Agreement.

We provide you with certain protections in your Protected Territory, although your agreement is not "exclusive." For example, during the term of the Franchise Agreement, we will not establish or license anyone else to establish another Studio Barre Studio at a location within the Protected Territory designated in your Franchise Agreement, other than in the circumstances stated in the Franchise Agreement and those exceptions are described in the next paragraph.

We (and our affiliates) retain all rights not specifically granted to you. We will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- To use and license others to use the System and Proprietary Marks for the operation of Studios at any location outside the Protected Territory in your Franchise Agreement, despite the proximity to your Protected Territory;

- To acquire (or be acquired) and, upon acquisition, operate any business or programs of any kind, whether located inside or outside the Protected Territory in your Franchise Agreement, despite the proximity of such businesses to your

Studio (except that we will not do so from a Studio Barre Studio located in your Protected Territory);

- To use and license others to use the Proprietary Marks, and other marks, in connection with the operation of businesses or programs at any location, even if those businesses/programs and marks are the same as, or similar to, the Studio and Proprietary Marks, and despite their proximity to the Approved Location under your Franchise Agreement (except that we will not do so from a Studio Barre Studio located in your Protected Territory);

- To sell or market products or services (which may include recorded or written materials that present the Programs or dance instructions and choreography is the same or similar to the Programs or Program Materials), using the Proprietary Marks or other marks Programs to purchasers who live or operate businesses in the Protected Territory by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a Studio Barre Studio located in the Protected Territory.

You will not receive an exclusive territory. You may face competition from outlets that we own or from other channels of distribution or competitive brands that we control. We, our affiliates, and our designees do not currently sell, but (as described above) will have the right to sell and distribute "Studio Barre" brand products or services from any location or to any purchaser, even if that purchaser is located in the Protected Territory in your Franchise Agreement. If we do so, we may use any method or channel of distribution other than through Studio Barre Studios located in your Protected Territory (including for example the Internet or order). We will not compensate you for sales we may make in the alternative distribution channels that are described above.

You may only offer the Programs at the Studio's premises using the Program Materials (according to our standards and specifications), and sell Authorized Products to those customers in the Studio. You may not sell or make any other use of the Program Materials and Authorized Products. All sales will be counted in "Gross Sales."

The Approved Location for the Studio will be specified in the Franchise Agreement. You may not relocate the Studio without our prior written approval. If you ask to relocate the Studio, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location of a Studio for a new franchisee.

You do not need to meet any particular sales or revenue volume in order to keep your Protected Territory as described above so long as you stay in compliance with the terms of your Franchise Agreement.

You may advertise and market the services of your Studio and directly solicit customers only within your Protected Territory. You are not permitted to: (a) advertise or market the services of your Studio outside of the Protected Territory; or (b) directly solicit customers outside of the Protected Territory. "Direct solicitation" includes solicitation in person, by telephone, by mail, by e-mail or other electronic means, advertising, marketing, and by distribution of brochures, business cards or other materials.

There are no circumstances under the Franchise Agreement that permit us to modify your Protected Territory so long as you stay in compliance with the terms of your Franchise Agreement.

Deposit Agreement

As described in Item 5, in some circumstances, we may agree to sign a Deposit Agreement before signing a Franchise Agreement. If we and you sign a Deposit Agreement, we will agree that during a limited period (the "**Deposit Period**") we will not enter into deposit agreements or franchise agreements with other parties for Franchised Businesses to be located within an agreed upon area (which will be the "**Deposit Area**"). The Deposit Period will expire at the earlier of (a) the date agreed upon in the Deposit Agreement (which we expect will be between 30 and 60 days after signing the Deposit Agreement), or (b) the date you and we sign a Franchise Agreement. We reserve all other rights, and nothing in the Deposit Agreement will prevent either us or you from entering into any other agreement, conducting any business, or taking any action within the Deposit Area or elsewhere, with other parties. There is no other purpose for the Deposit Area, and the restrictions that we will meet concerning the Deposit Area will not apply after the end of the Deposit Period (including during the Franchise Agreement).

Area Development Agreement

If you and we enter into an Area Development Agreement, you will receive a Development Area. The size of the Development Area will vary based on a number of factors including the density of the area, the number of Studios you agree to develop, demographics, competition, and location of any existing Studio Barre Studios in the general area. As a result, the Development Area is likely to consist of a portion of the city, county, or designated market area. The agreed upon area for the Development Area will be identified in the Area Development Agreement.

If you are an Area Developer and you comply with your obligations under the Area Development Agreement, we will not establish or license anyone other than you to establish a Studio Barre Studio under the System in your Development Area, until the end of the period of time specified in the Development Schedule to your Area Development Agreement, except that we will reserve all of the rights described below. As a result, 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.

We (and our affiliates) retain all rights not specifically granted to you. We will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- To use and license others to use the System and Proprietary Marks for the operation of Studios at any location outside your Development Area;

- To acquire (or be acquired) and, upon acquisition, operate any business or programs of any kind, whether located inside or outside your Development Area (except that we will not do so from a Studio Barre Studio located in your Development Area);

- To use and license others to use the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, even if those businesses/programs and marks are the same as, or similar to, the Studio and Proprietary Marks (except that we will not do so from a Studio Barre Studio located in your Development Area);

- To sell or market products or services (which may include recorded or written materials that present the Programs or dance instructions and choreography is the same or similar to the Programs or Program Materials), using the Proprietary Marks or other marks Programs to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a "Studio Barre" Studio located in the Development Area.

Except for the requirement that you be in compliance with your obligations under the Area Development Agreement (including for example the development schedule), continuation of your rights under the Area Development Agreement, as described above, is not subject to achieving any particular sales volume, market penetration, quota, or other benchmark. We may not modify your territorial rights. We will approve sites for Studios under an Area Development Agreement using the then-current site criteria we use at the time(s) requested.

Options and First-Refusal Rights

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Territory or elsewhere.

ITEM 13: TRADEMARKS

We grant you the right to use certain Proprietary Marks under the Franchise Agreement. Our affiliate, Studio Barre LLC (the "**Affiliate**"), owns and has registered the following Proprietary Marks with the U.S. Patent and Trademark Office (the "**USPTO**") on its Principal Register:

Name or Mark	Registration Number	Class	Registration Date
STUDIO BARRE (plus design)	Reg. No. 4496548	41	March 11, 2014
STUDIO BARRE {STRENGTH. DEFINED.}	Reg. No. 4536990	41	May 27, 2014

Affiliate has a federal registration for the two principal trademarks listed above, and plans to file affidavits and renew these registrations when those filings are required.

Our right to use and license others to use the Proprietary Marks is exercised under a trademark license agreement (the "**TM Agreement**") between us and Affiliate. Under the TM Agreement, we are granted the right to use and to permit others to use the Proprietary Marks. The TM Agreement has a perpetual term. If we were ever to lose our rights to the Proprietary Marks, Affiliate will be required under the TM Agreement to allow our franchisees to maintain their rights to use the Proprietary Marks in accordance with their Franchise Agreements.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceeding, or any pending material litigation, involving the Proprietary Marks. Other than the TM Agreement, no agreement significantly limits our rights to use or license the Proprietary Marks in any state in a manner material to the franchise, and we know of no superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state.

Your right to use the Proprietary Marks is limited to the uses that are authorized under the Franchise Agreement, and any unauthorized use of the Proprietary Marks will infringe upon our and Affiliate's rights. You may not use any Proprietary Mark: (1) as part of any corporate name or other business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (3) in connection with performing or selling any unauthorized services or products; (4) as part of any domain name, electronic address or search engine or in any other manner in connection with an Online Site without our prior written approval; (5) in connection with any employment or H.R. documents (including employment applications, paychecks, pay stubs, and employment agreements); or (6) in any other manner that we do not expressly authorize in writing. You must identify yourself as the independent owner and operator of your business and Studio in the manner we specify (such as on invoices, order forms, receipts, and contracts). You must also give the trademark registration notices that we designate, and obtain any assumed business name registrations that applicable law requires.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement. Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If you used the Proprietary Marks in accordance with the Franchise Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use. If you did not use the Proprietary Marks in accordance with the Franchise Agreement, we will defend you, at your expense, against those third party claims, suits, or demands.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things as may, in our counsel's opinion, be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out of pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any Proprietary Mark or for you and the Studio to use one or more additional or substitute trade or service marks, you will have to immediately comply with our directions. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the operation of your Studio.

We (or our affiliates, in some cases) claim copyright protection covering various materials used in our business and the development and operation of Studio Barre Businesses, including the Manual, our Program Materials, choreography instructions, certain drawings, and advertising materials. We have not registered these materials with the United States Registrar of Copyrights, and we are not required to do so in order to claim copyright protection. These materials are our proprietary property and must be returned to us upon expiration or termination of the Franchise Agreement.

There are no currently effective determinations of the United States Copyright Office, or any court, nor any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We do not know of any superior prior rights or infringing uses that could materially affect your use of the copyrighted materials. No agreement requires us to protect or defend our copyrights or to indemnify you for any expenses or damages you incur in any judicial or administrative proceedings involving the copyrighted materials. No provision in the Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, the copyrighted materials. If we require, you must immediately modify or discontinue using the copyrighted materials. Neither we nor our affiliates will have any obligation to reimburse you for any expenditures you make because of any discontinuance or modification.

Confidential Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manual. We will lend you one set of our Manual, which we have the right to provide in any format we choose (including paper, CD, or online), for the term of the Franchise Agreement.

You must at all times accord confidential treatment to the Manual, any other manuals we create (or that we approve) for use with the Franchised Business, and the information contained in the Manual. You must use all reasonable efforts to maintain this information as secret and confidential. You may never copy, duplicate, record, or otherwise reproduce the Manual and the related materials, in whole or in part (except for the parts of the Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Manual will always be our sole property. You must always maintain the security of the Manual.

We may periodically revise the contents of the Manual, and you must consult the most current version of the Manual (and make corresponding revisions to your copy of the Manual if you are provided a hard copy) and comply with each new or changed standard. If there is ever a dispute as to the contents of the Manual, the version of the Manual that we maintain will be controlling.

Confidential Information

Except for the purpose of operating the Studio under the Franchise Agreement, you may never (during Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know-how concerning the operation of the Studio Barre Business that may be communicated to you or that you may learn by virtue of your operation of a Studio. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Studio Barre Business. Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, we may require you, your Principals and your Franchise Business Manager to sign confidentiality covenants. We also require that persons who will attend training sign a confidentiality agreement. Every one of these agreements must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Studio. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current form for this agreement is attached as Exhibit I to the Franchise Agreement). Once signed, you must provide us a copy of each executed confidentiality agreement.

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

If you are a corporation, partnership or LLC, you must appoint an individual owner as your "Operating Principal." The Operating Principal must complete our training program, must have authority over all business decisions related to the Franchised Business, and must have the power to bind you in all dealings with us. The Operating Principal must own at least 20% of the voting and ownership interests in the franchisee company (unless you obtain our prior written approval for a smaller interest). You may not change the Operating Principal without our prior approval.

The Franchise Agreement does not require you to participate personally in the direct daily operation of the Franchised Business, although we encourage and recommend your active participation and you or your Operating Principal must supervise the operation of the Franchised Business. Additionally, at all times that your Franchised Business is operating, it must be under the active full-time management of you, the Operating Principal or a Designated Manager, who has qualifications reasonably acceptable to us and who has been fully trained in the System (see Item 11 for details regarding our training requirements). You may not permit your Franchised Business to be operated, managed, directed or controlled by any other person without our prior written consent.

If you are an entity (such as a corporation, partnership, limited liability company, or another firm), then we require all of your owners to sign a guarantee (in the form attached to the Franchise Agreement as Exhibit C) of the performance of your obligations under the Franchise Agreement.

You and your staff must, at all times, cooperate with us and with our representatives. We will have the ongoing right to approve or disapprove of the service of individuals in your Franchised Business as to the role that they play in your business (including but not limited to the Highly Trained Personnel) (for instance, because they do not have the experience or qualifications that we require or are not satisfactorily performing their services). If at any time we conclude that a person does not satisfy our criteria for the role, you would have to remove her/him from the role that we disapprove (but you understand that our disapproval of her/him in that role is not meant to, and should not be construed as, any instruction or demand on our part that the individual should be dismissed as an employee and that our disapproval is simply limited to having that individual perform a specific role). Except as stated above, there are no other restrictions that you must place on your managers or Highly Trained Personnel.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer customers only the services and products that we have expressly authorized to be offered by Studio Barre Businesses, as periodically specified in the Manual. We have the right to change the authorized services and products, and we may designate specific services or products as optional or mandatory. There are no limits on our right to do so (although offering ballet inspired fitness programs will remain a core offering). You acknowledge that we may approve some services, products, and other items for certain franchisees and not others based on legitimate business reasons. You must cease selling or offering for sale any services or products that we disapprove or revoke approval of at any time.

You may only offer the Programs at the Studio's premises using the Program Materials (according to our standards and specifications), and sell Authorized Products to those customers in the Studio. You may not sell or make any other use of the Program Materials and Authorized Products.

You must also execute a contract with each customer before the customer may participate in the Program. You must use the forms of client and participant contracts and other materials that we prescribe in the Manual.

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

THE FRANCHISE RELATIONSHIP

This table lists 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 Agreement	Summary*
a. Length of the franchise term	§ 2.1	7 years
b. Renewal or extension of the term	§ 2.2	Two additional 7-year terms, subject to certain contractual requirements described in "c" below.
c. Requirements for you to renew or extend	§§ 2.2.1 - 2.2.10	Written notice, renovate/modernize Studio premises, payment of renewal fee; possible upgrades to computer hardware and software to conform with then-current standards, satisfaction of monetary obligations, not be in default of the Agreement, sign release, comply with then current qualification and training requirements, compliance with Franchise Agreement, and others. Also if you seek to renew your franchise rights, you may be required to sign our then-current form of franchise agreement (which may contain materially different terms and conditions than in your original franchise agreement, such as different fee requirements).
d. Termination by you	Not applicable	Not applicable
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	§ 17	Default under the Franchise Agreement, bankruptcy, abandonment, and other grounds; see § 17 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
g. "Cause" defined – curable defaults	§ 17.3	All other defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement

	Provision*	Section in Franchise Agreement	Summary*
h.	"Cause" defined - non-curable defaults	§§ 17.1 and 17.2	Bankruptcy, abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
I.	Your obligations on termination/ nonrenewal	§ 18	Stop operating the Franchised Business, pay amounts due, and others; see §§ 18.1 - 18.11 of the Franchise Agreement.
j.	Assignment of contract by us	§ 16.1	There are no limits on our right to assign the Franchise Agreement.
k.	"Transfer" by you - definition	§§ 16.4.1 - 16.4.6	Includes transfer of any interest.
l.	Our approval of transfer by you	§ 16.4	We have the right to approve transfers.
m.	Conditions for our approval of transfer	§ 16.5	Your compliance with the existing Franchise Agreement, including a release, the buyer's signature of a new Franchise Agreement, payment of transfer fee, and others; see §§ 16.5.1 - 16.5.11 of the Franchise Agreement.
n.	Our right of first refusal to acquire your business	§ 16.6	We have the right to match any offer.
o.	Our option to purchase your business	§§ 18.5 and 18.8	Upon termination or expiration of the Franchise Agreement, we can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at cost or fair market value.
p.	Your death or disability	§ 16.7	Your estate must transfer your interest in the Franchised Business to a third party we have approved.
q.	Non-competition covenants during the term of the franchise	§§ 19.2, 19.3, 19.4, and 19.5	Includes prohibition on engaging in a "Competitive Business," which is any business that offers fitness studio service; and non-solicitation of customers and prospective customers; see §§ 19.2 – 19.6.
r.	Non-competition covenants after the franchise is terminated or expires	§§ 19.2, 19.3, 19.4, 19.5 and 19.6	Includes a two-year prohibition similar to "q" (above), within 8 miles of the Approved Location, and also within 8 miles of any other Studio Barre Studio then-operating under the System.

Provision*	Section in Franchise Agreement	Summary*
s. Modification of the agreement	§ 24	Must be in writing signed by both parties.
t. Integration/ merger clause	§ 24	Only the final written terms of the Franchise Agreement are binding, subject to state law. Any representation or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	§ 26.3	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 26 of the Franchise Agreement.
v. Choice of forum	§ 26.2	We may, and you must, sue only in the state and judicial district in which we have our principal place of business (currently, Carlsbad, California) (subject to applicable law).*
w. Choice of law	§ 26.1	California law applies to the Franchise Agreement, except that the laws of the state in which the Franchised Business is located will apply to the covenants in Section 19 of the Franchise Agreement (subject to applicable law).*

Area Development Agreement		
Provision	**Section in Area Development Agreement**	**Summary ***
a. Term of the franchise	§ 3	The term of the Development Schedule will be discussed and agreed upon by the parties before entering into the Area Development Agreement
b. Renewal or extension of the term	Not Applicable	
c. Requirements for you to renew or extend	Not Applicable	
d. Termination by you	Not Applicable	
e. Termination by us without cause	Not Applicable	

Area Development Agreement		
Provision	**Section in Area Development Agreement**	**Summary ***
f. Termination by us with cause	§§ 9.3 and 11	Failure to meet the Development Schedule, default or termination under the Franchise Agreement, bankruptcy, abandonment, and other grounds; see § 17 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.) Termination of the Area Development Agreement does not constitute a default under any of your Franchise Agreements.
g. "Cause" defined - defaults which can be cured	§ 9.3	All other defaults not specified in § 11 of the Area Development Agreement and §§ 17.1 and 17.2 of the Franchise Agreement
h. "Cause" defined - defaults which cannot be cured	§ 9.3 and 11	Bankruptcy, abandonment, conviction of felony, termination of a Franchise Agreement, and others; see § 11 of the Area Development Agreement and §§ 17.1 and 17.2 of the Franchise Agreement. (Under the U.S. Bankruptcy Code, we may be unable to terminate the agreement merely because you make a bankruptcy filing.)
i. Your obligations on termination/ nonrenewal	§ 9.4	Stop developing Locations, pay amounts due, pay lost future royalties, and others; see §§ 18.1 - 18.11 of the Franchise Agreement.
j. Assignment of contract by us	§§ 9.2 and 10	There are no limits on our right to assign the Area Development Agreement.
k. "Transfer" by you - definition	§§ 9.2 and 10	Includes transfer of any interest in you or the Area Development Agreement.
l. Our approval of transfer by you	§ 10	We have the right to approve transfers.
m. Conditions for our approval of transfer	§§ 9.2 and 10	Your compliance with the agreement, a release, the buyer's signature of a new Development Agreement, the payment of transfer fee, and others; see §§ 16.5.1 - 16.5.11 of the Franchise Agreement. We may also withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under the Area Development Agreement
n. Our right of first refusal to acquire your business	§§ 9.2 and 10	We can match any offer, or the cash equivalent.

Area Development Agreement		
Provision	**Section in Area Development Agreement**	**Summary ***
o. Our option to purchase your business	§ 9.4	We can acquire your lease or sublease for the premises, and purchase your equipment, material, and inventory at cost or fair market value after termination or expiration.
p. Your death or disability	§ 9.2	Interest in Area Development Agreement must be transferred to a third-party we have approved within six months.
q. Non-competition covenants during the term of the franchise	§ 9.5	Includes prohibition on engaging in a "Competitive Business," which is any business that offers fitness studio service; and non-solicitation of customers and prospective customers; see §§ 19.2 – 19.6.
r. Non-competition covenants after the franchise is terminated or expires	§ 9.5	Includes a two-year prohibition similar to "q" (above), within 8 miles of the Approved Location, and also within 8 miles of any other Studio Barre Studio then-operating under the System.
s. Modification of the agreement	§ 12	Must be in writing executed by both parties.
t. Integration/merger clause	§ 12	Only the terms of the Area Development Agreement are binding. Notwithstanding the foregoing, nothing in the Area Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	§ 9.11	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 26 of the Franchise Agreement.
v. Choice of forum	§ 9.11	We may, and you must, sue only in the state and judicial district in which we have our principal place of business (currently, Carlsbad, California) (subject to applicable law).*
w. Choice of law	§ 9.11	California law applies to the Franchise Agreement, except that the laws of the state in which the Franchised Business is located will apply to the covenants in Section 19 of the Franchise Agreement (subject to applicable law).*

	Provision*	Section in Deposit Agreement	Summary*
a.	Length of the franchise term	§ 7	As agreed upon – generally 30 to 60 days
b.	Renewal or extension of the term	Not applicable	Not applicable
c.	Requirements for you to renew or extend	Not applicable	Not applicable
d.	Termination by you	Not Applicable	Not Applicable
e.	Termination by us without cause	Not Applicable	Not Applicable
f.	Termination by us with cause	Not Applicable	Not Applicable
g.	"Cause" defined – curable defaults	Not Applicable	Not Applicable
h.	"Cause" defined - non-curable defaults	Not Applicable	Not Applicable
I.	Your obligations on termination/ nonrenewal	§ 6	Stop using our confidential information.
j.	Assignment of contract by us	Not Applicable	Not Applicable
k.	"Transfer" by you - definition	Not Applicable	Not Applicable
l.	Our approval of transfer by you	Not Applicable	Not Applicable
m.	Conditions for our approval of transfer	Not Applicable	Not Applicable
n.	Our right of first refusal to acquire your business	Not Applicable	Not Applicable
o.	Our option to purchase your business	Not Applicable	Not Applicable
p.	Your death or disability	Not Applicable	Not Applicable
q.	Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable

Provision*		Section in Deposit Agreement	Summary*
r.	Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s.	Modification of the agreement	Not Applicable	Not Applicable
t.	Integration/ merger clause	§ 11	Only the final written terms of the agreement are binding. However, nothing in the Deposit Agreement is intended to disclaim any representation we make in this Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v.	Choice of forum	Not Applicable	We may, and you must, sue only in the state and judicial district in which we have our principal place of business (currently, Carlsbad, California) (subject to applicable law).*
w.	Choice of law	§ 12	California law applies to the Franchise Agreement (subject to applicable law).*

* Various state disclosure addenda and agreement amendments are attached as an exhibit to this disclosure document and contain additional terms that may be required under applicable state law.

ITEM 18: PUBLIC FIGURES

We do not use any public figures to promote our franchise.

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

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 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 our management by contacting Shannon Higgins, our President at 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010 (tel – 760.692.4752), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table 1:
Systemwide Outlet Summary For years 2015-2017 (Note 1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2015	5	8	+3
	2016	8	10	+2
	2017	10	14	+4
Company-Owned	2015	1	1	0
	2016	1	1	0
	2017	1	0	-1
Total Outlets	2015	6	9	+3
	2016	9	11	+2
	2017	11	14	+3

Notes to Table 1

(1) All numbers are as of the fiscal year end, which is December 31st. As described in Item 1, we began to offer franchises for Studio Barre Businesses in November 2013.

Table 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2015 to 2017 (Note 1)

State (Note 2)	**Year**	**Number of Transfers**
California	2015	0
	2016	1
	2017	0
Total	2015	0
	2016	1
	2017	0

Notes to Table 2

(1) All numbers are as of the fiscal year end, which is December 31st. As described in Item 1, we began to offer franchises for Studio Barre Businesses in November 2013.

(2) States not listed had no activity during the relevant time frame.

Table 3:
Status of Franchised Outlets For years 2015 to 2017 (Note 1)

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
California	2015	3	2	0	0	0	0	5
	2016	5	0	0	0	0	0	5
	2017	5	1 (note3)	0	0	0	0	6
Indiana	2015	0	1	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Massachu-setts	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Montana	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
New Jersey	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Rhode Island	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
South Carolina	2015	1	0	0	0	0	0	1
	2016	1	0	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Texas	2015	0	0	0	0	0	0	0
	2016	0	0	0	0	0	0	0
	2017	0	1	0	0	0	0	1
Virginia	2015	0	0	0	0	0	0	0
	2016	0	1	0	0	0	0	1
	2017	1	0	0	0	0	0	1
Totals	2015	5	3	0	0	0	0	8
	2016	8	2	0	0	0	0	10
	2017	10	4	0	0	0	0	14

Notes to Table 3

(1) All numbers are as of the fiscal year end, which is December 31st. As described in Item 1, we began to offer franchises for Studio Barre Businesses in November 2013.

(2) States not listed had no activity during the relevant time frame.

(3) The Studio listed as "Opened" in California, was already open and was operated as a Company-owned Studio by Affiliate until a franchisee purchased it in 2017.

Table 4:
Status of Company-Owned Outlets (Note 1)
for years 2015-2017 (Note 2)

State (Note 3)	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	1	0
Totals	2015	1	0	0	0	0	1
	2016	1	0	0	0	0	1
	2017	1	0	0	0	1	0

Notes to Table 4

(1) As described in Item 1, our affiliate, Studio Barre, LLC, has operated a Studio as "Studio Barre" Studio in the Carlsbad, California area since January 2012, but operated a fitness studio business at that location beginning in April 2008. In 2015, it relocated from 7720 El

Camino Real, Suite E in Carlsbad, California to 208 El Camino Real, Suite C in Encinitas, California.

(2) All numbers are as of the fiscal year end, which is December 31st.

(3) States not listed had no activity during the relevant time frame.

Table 5:
Projected Openings for 2018 as of December 31, 2017

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Year
Colorado	1	1 (note 2)	
Indiana	1	1 (note 2)	
Michigan	1	1 (note 2)	
Total	**3**	**3**	

Notes to Table 5

(1) States not listed had no activity during the relevant time frame.

(2) This franchised Studio began operating in 2018 before the date of this disclosure document.

*****

We began offering franchises in November 2013. The names, addresses, and telephone numbers of our current franchisees are listed in Exhibit F. The name and last known home address and telephone number of every one of our franchisees who has had a Franchise Agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during one-year period ending December 31, 2017, or who has not communicated with us within ten weeks of the date of this disclosure document, are also listed in Exhibit F.

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

No franchisees have signed a confidentiality clause in a franchise agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with us.

As of the date of this franchise disclosure document, there are no Studio Barre franchisee associations in existence regardless of whether they use our trademark or not.

ITEM 21: FINANCIAL STATEMENTS

Attached as Exhibit H is our audited financial statements for the years ending December 31, 2017, December 31, 2016, and December 31, 2015. Our fiscal years will end as of December 31st.

ITEM 22: CONTRACTS

Exhibit A	The Franchise Agreement with its 9 exhibits: A. Approval Location and Territory Addendum B. Fee Schedule C. Guarantee, Indemnification, and Acknowledgment D. List of Principals E. ACH Authorization Agreement F. Site Selection Addendum G. Lease Addendum H. Conditional Assignment and Power of Attorney - Telephone Numbers and Listings I. Training Participation and Non-Disclosure Agreement
Exhibit B	Area Development Agreement
Exhibit C	Deposit Agreement
Exhibit J	State Amendments to Agreements
Exhibit K	General Release

ITEM 23: RECEIPTS

The last two pages of this disclosure document (Exhibit N) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and date, and return one copy to us; and please keep the other copy along with this disclosure document.

EXHIBIT A

Franchise Agreement
with Exhibits

Studio Barre Franchising LLC

Franchise Agreement

Studio Barre Franchising LLC
FRANCHISE AGREEMENT

TABLE OF CONTENTS

Exhibits:

Studio Barre Franchising LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "**Agreement**") was made and entered into on ____________________, 201_____ (the "**Effective Date**"), by and between:

- Studio Barre Franchising LLC, a California limited liability company with offices at 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010 ("**we,**" **us,**" "**our**" and "**Franchisor**"); and
- ____, a [resident of] [corporation organized in] [limited liability company organized in] the State of________________________________ and having offices at ____ ("**you**" or "**Franchisee**").

Introduction

*We and our affiliate have developed and own a format and system for establishing and operating "Studio Barre" studios, which are fitness businesses operating under our Proprietary Marks in locations built-out as dance studio-inspired facilities, according to our standards, and featuring our interior trade dress (each one of which is referred to as a "**Studio**"). A Studio specializes in providing customers with fitness classes using our proprietary dance programs, which incorporate the "barre" equipment and "barre" dance technique into our proprietary fitness of choreography, exercise techniques, music selections, teaching techniques, and brand standards, and which we may develop and change periodically (together, the "**Programs**"). We may also periodically designate or approve additional services and items, such as apparel, accessories and other products, for sale to customers in the Studios as part of the System (together the "**Authorized Products**").*

*Among the distinguishing characteristics of a Studio are that it operates under our "Studio Barre" "System." Our System includes (among other things): the Programs; our professional image and high customer service standards; our standards, specifications and teaching methods for our Programs; materials used in the instruction and performance of the Programs ("**Program Materials**"); our standards and techniques for identifying and training Program instructors; equipment layouts; signage; distinctive interior design and accessories; operational procedures; quality and uniformity of products and services offered; procedures for management; training and assistance; and marketing programs; all of which we may periodically change, improve, and further develop (together, the "**System**").*

*We identify the System by means of our Proprietary Marks. Our proprietary marks include the certain trade names (for example, the "STUDIO BARRE" mark and logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically designate in writing for use in connection with the System (all of these are referred to as our "**Proprietary Marks**"). We continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of services and products marketed under those marks and under the System, and to represent the System's high standards of quality, appearance, and service.*

You have asked to enter into the business of operating a Studio under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of our high standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

In recognition of all of the details noted above, the parties have decided to enter into this Agreement, taking into account (and in consideration of) all of the promises and commitments that they are each making to one another in this contract, and they agree as follows:

1 GRANT.

1.1 Rights and Obligations. We grant you the right, and you accept the obligation, to do all of the following (all according to the terms and conditions of this Agreement):

1.1.1 operate a Studio under the System (the "**Franchised Business**" or "**Studio**");

1.1.2 use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and

1.1.3 do all of these things at the Approved Location (which is defined in Section 1.2 below) and only at the Approved Location.

1.2 Approved Location. The term "**Approved Location**" means the street address of the location for the Franchised Business that we approve under the terms of this Agreement, and is specified in Exhibit A, the "Data Addendum" to this Agreement. If, as of the Agreement Date, the Approved Location is not agreed-upon and specified in Exhibit A, then instead, you agree to identify and secure a site to be the Approved Location under the terms of Section 5.1 below and the Site Selection Addendum attached as Exhibit F (the "**Site Selection Addendum**") to this Agreement.

1.3 Protected Territory and Exclusions. During the term of this Agreement, and except as otherwise provided in this Agreement, we agree not to establish, nor license any other person to establish, another Studio Barre Studio at any location within the "Protected Territory," subject to the limitations in Sections 1.3.1, 1.3.2 and 1.4 below. The "**Protected Territory**" is specified in Exhibit A, the Data Addendum. In addition:

1.3.1 We retain the exclusive right, among others, on any terms and conditions we deem advisable, and without granting you any rights:

1.3.1.1 to use and to license others to use, the System and the Proprietary Marks for the operation of the "Studios" at any location outside the Protected Territory;

1.3.1.2 to acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Protected Territory (but we will not change those other businesses into "Studio Barre" Studios operated in the Protected Territory);

1.3.1.3 to use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses and marks may be the same as, similar to, or different from the Studio and Proprietary Marks (but these will not be "Studio Barre" Studios located in the Protected Territory);

1.3.1.4 to sell or market any products or services (including without limitation, recorded or written materials that present the Programs or dance instructions and choreography is the same or similar to the Programs or Program Materials), using the Proprietary Marks or other marks Programs to purchasers who live or operate businesses in the Protected Territory by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a "Studio Barre" Studio located in the Protected Territory. (As used in this Section 1.3.1, the term "we" includes us and our affiliates.)

1.3.2 We will not prohibit other Studios (whether we operate or franchise those Studios) from providing services at their Studios to customers who may live outside of their Protected Territory.

1.4 Limits on Where You May Sell. You agree that:

1.4.1 You will only offer and provide the Programs and offer and sell the Authorized Products to customers of the Franchised Business attending Programs on the Studio's premises;

1.4.2 You will not provide Programs or sell Authorized Products or Program Materials, or any other services or products, by any other means including, without limitation, electronic media (such as the Internet, social media and networking sites, and mobile applications), telephone sales, catalogs, and/or direct mail; and

1.4.3 You will not give, sell, or otherwise provide Program Materials or Authorized Products to end-users or any other entities that offer, sell, resell, or use (or that plan to sell, resell or use) the Programs, Program Materials or Authorized Products (for example, other dance or fitness studios, or personal trainers).

1.5 Best Efforts. You agree that you will at all times: (a) faithfully, honestly and diligently perform your obligations under this Agreement; (b) continuously exert your best efforts to promote and enhance your Franchised Business; and (c) not engage in any other business or activity that may conflict with your obligations under this Agreement.

2 TERM AND RENEWAL.

2.1 Term. The term of this Agreement will expire seven (7) years from the Effective Date (the "**Initial Term**"), unless this Agreement is terminated earlier in accordance with its provisions.

2.2 Renewal. You will have the option to renew this Agreement for two (2) additional terms of seven (7) years each, subject to the following conditions, all of which you must have met before each of those renewals:

2.2.1 You must give us written notice that you wish to renew not less than three (3) months nor more than twelve (12) months before the end of the Initial Term.

2.2.2 You must have satisfied all of your monetary obligations to us and our subsidiaries and affiliates and must have timely met those obligations throughout the term of this Agreement.

2.2.3 At the time of renewal: (a) you must be in material compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other agreement between you (and your affiliates) and us (and our affiliates); and (b) in our reasonable judgment, you must have been in material compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations.

2.2.4 You must pay us a discounted renewal franchise fee in the amount equal to the greater of: (a) ten percent (10%) of our then-current initial franchise fee that we are charging to new franchisees under the System at the time of your renewal; or (b) Three Thousand Five Hundred Dollars ($3,500).

2.2.5 You agree to start the renovation and modernization of the Franchised Business as we may reasonably require, and complete that process to our reasonable satisfaction. The renovation and modernization will include, among other things, renovation of the interior furnishings, fixtures, and decor, and equipment, and interior and exterior signage that you use in connection with providing the Programs to reflect the System's then-current image and operating standards.

2.2.6 You also agree to undertake and complete the upgrades that we may require to bring your Computer and Required Software (as those terms are defined in this Agreement), and any related peripheral equipment, into conformity with our then-current standards for new Studios.

2.2.7 You must execute and deliver our then-current form of franchise agreement, which agreement will supersede this Agreement in all respects (except with respect to the renewal provisions thereof, which will not supersede this Section 2), and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage royalty fee and marketing contribution.

2.2.8 You (and your direct and indirect owners) must execute and deliver to us a general release, in a form we prescribe, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, shareholders, members, managers, agents, and employees.

2.2.9 You and your personnel must comply with our then-current qualification and training requirements.

2.2.10 You and your personnel must comply with our then-current operational standards as set out in the Manual.

3 OUR DUTIES.

3.1 Your Location. We will provide you with the assistance specified in Section 5 below with respect to your location.

3.2 Opening Assistance. If you (and your affiliates) have three (3) or fewer Studios operating under the System, we will provide such additional on-site pre-opening and opening supervision and assistance that we believe to be advisable.

3.3 Choreography. We will provide choreography upon opening and on a quarterly basis.

3.4 Manual. We will provide you, on loan, with one copy of the confidential operations manuals (together, the "**Manual**"), which we will have the right to provide in any format we choose (including, but not limited to, paper, CD, or online), as more fully described in Section 10 below.

3.5 Marketing Materials. We will review and will have the right to approve or disapprove all marketing materials which you propose to use, pursuant to Section 13 below.

3.6 Creative Fund. We have the right to establish a "Studio Barre" Creative Fund, and during any period a Creative Fund is in effect, we will administer it as specified in Section 13 below.

3.7 Grand Opening Marketing Program. We will assist you in developing the Grand Opening Marketing Program in the manner described in Section 13.9 below, which program will be conducted at your expense.

3.8 Inspection Before Opening. We will have the right to inspect and approve the Franchised Business for opening before it opens. You may not commence operation of the Franchised Business until receiving our approval, and you must have our approval at least one week before you actually open.

3.9 Periodic Inspections. We will seek to maintain the high standards of quality, appearance, service, and sanitation of the System, and to that end may conduct, as we deem advisable, periodic inspections of the Franchised Business and may conduct or provide evaluations of the services rendered and products sold by the Franchised Business, including in-person evaluation of you and your employees while conducting Programs with your customers.

3.10 Periodic Assistance. We will provide periodic and continuing advisory assistance to you as to the operation and promotion of the Franchised Business as we deem advisable.

3.11 Opening Equipment and Inventory. We will provide you with a written list of equipment, supplies and suppliers of such materials that are needed to open the Franchised Business. We will also provide you with a list of suggested opening inventory of Authorized Products.

3.12 Additional Assistance. Upon your request, we will provide the personal assistance and counsel of our qualified representative, who will be experienced in the operation of Studio Barre Studios, subject to availability of our staff. If you request this additional assistance (and if we are able to provide it), then you will be charged a daily fee and reasonable expenses for this personal assistance and counsel as set out in the Fee Schedule attached to this Agreement as Exhibit B.

3.13 Services Performed. You agree that any of our employees, agents, designees, or independent contractors may perform any of our duties or obligations under this Agreement as we may direct (however, we will remain responsible to you for the performance of these obligations).

3.14 No Liability for Delay. Neither we nor any of our affiliates will be liable to you for unavailability of or delay in shipment or receipt of merchandise you order from designated sources of supply or authorized suppliers for any reason, including but not limited to: acts of nature, temporary product shortages or unavailability, order backlogs, production difficulties, delays or unavailability of transportation, strikes, fire, work stoppages, or other causes beyond our reasonable control. Our only obligation in the event of any interruption in the shipment of products from designated or authorized suppliers will be to license additional qualified suppliers who meet our quality standards when and if the same can be located on terms to be negotiated between us and the supplier(s).

3.15 Our Decision-making. In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights under this Agreement, we (and our affiliates) will always have the right: (a) to take into account, as we see fit, the effect on, and the interests of, other franchised businesses and systems in which we have an interest and on our activities (and those of our affiliates); (b) to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; (c) to test market various items in some or all parts of the System; (d) to introduce new proprietary items and non-proprietary items or operational equipment; and/or (e) to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section 3.15, and that nothing in this Section 3.15 will in any way affect your obligations under this Agreement.

3.16 Confirmation of Performance. After we have completed our pre-opening obligations to you under this Agreement, we may ask that you sign and deliver to us a confirmation (the "Confirmation of Performance"), in a form we reasonably request, verifying that we have performed those obligations. If we ask you to provide us with such a certificate, then you agree to sign and deliver the Confirmation of Performance to us within three (3) business days after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same three (3) day period, give us written notice specifically describing the obligations that we have not performed. Not later than three (3) business days after we complete all the obligations that you specified in that notice, you must sign and deliver the Confirmation of Performance to us. The term "pre-opening obligations" means the obligations we have to you under this Agreement that must be performed before the date when your Franchised Business starts its operations.

4 FEES

4.1 Initial Franchise Fee. When you sign this Agreement, you must pay us an initial franchise fee in the amount of Thirty Eight Thousand Dollars ($38,000) (the "**Initial Franchise Fee**"). The Initial Franchise Fee has been fully earned and is non-refundable in consideration of administrative and other expenses we incur in granting this franchise and for our lost or deferred opportunity to franchise others.

4.2 Royalty Fee.

4.2.1 For each month during the term of this Agreement, you must pay us a continuing royalty fee in an amount equal to the greater of: (a) five percent (5%) of the Gross Sales (as defined below) of your Franchised Business; or (b) Five Hundred Dollars ($500) per month.

4.2.2 The phrase "**Gross Sales**" means all revenue from the sale of all services and products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business, including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of collection in the case of credit. Gross Sales excludes: (a) any legitimate and reasonable discounts that you provide to customers (e.g., promotional or coupon sales); (b) sales of gift cards that we have approved at face value; and (c) sales taxes or other taxes that you collect from your customers and actually pay to the appropriate taxing authorities.

4.3 Marketing Contributions. We have the right to establish the Creative Fund (as defined in Section 13.4 below) and Regional Funds (as described in Section 13.5 below) as described in Section 13 of this Agreement. During any period that the Creative Fund and/or a Regional Fund for the area in which your Franchised Business is/are in effect, you must make contribute monies to such fund(s) in such proportions and amounts as we may require under Section 13.2 below. Required contributions to the Creative Fund and Regional Fund are referred to as "**Marketing Contributions**." Additionally, as described in Section 13 of this Agreement, we require that you spend certain amounts (which will be determined as described in Section 13.2 below) for local marketing and advertising initiatives within your Territory.

4.4 Due Date. You agree to make all payments required by Section 4.2 above and Section 13 below so that those amounts are received by us, in our offices, by the tenth (10th) day of each month, based on the Gross Sales for the previous month. In addition, you agree to all of the following:

4.4.1 *Reports*. You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 13.4 below, at the time and in the format and manner that we reasonably request, which may include, without limitation, electronic reporting through the Computer System.

4.4.2 *ACH*. You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "ACH - Authorization Agreement for Prearranged Payments

(Direct Debits)," a copy of which is attached to this Agreement as Exhibit E (and any replacements for that form that we deem to be periodically needed to implement this Section 4.4.2), and you agree to comply with the payment and reporting procedures that we may specify in the Manual or otherwise in writing.

4.4.3 *Timely Payment.* You acknowledge and agree that your obligation to make full and timely payment of royalty fees and Marketing Contributions (and all other sums due to us) are absolute, unconditional, fully earned, and due when you have generated and received Gross Sales.

4.4.4 You agree that you will not, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set off payments due to us against any claims or alleged claims that you may allege against us, the Creative Fund, a Regional Fund, or others.

4.4.5 You agree that if you do not provide us, as requested, with access to your computer system to obtain sales information or, if we permit, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Month(s) that we choose, including but not limited to those with your highest grossing sales; and that you must pay the royalties on that amount (whether by check or by our deduction of that amount from your direct debit account).

4.4.6 You agree that you will not, whether on grounds of alleged non-performance by us or others, withhold payment of any fee, including, without limitation, royalty fees or marketing contributions, nor withhold or delay submission of any reports due under this Agreement.

4.5 Late Payment. Any payment that we (or the appropriate marketing fund) do not receive on or before the due date will be deemed overdue. Any report that we do not receive on or before the due date will also be deemed overdue. If any payment is overdue, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of eighteen percent (18%) per annum (but if there is a legal maximum rate that applies in your jurisdiction, not more than that maximum rate). Our entitlement to such interest will be in addition to any other remedies we may have.

4.6 Other Funds Due. You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, or that we have become obligated to pay, on your behalf, by consent or otherwise under this Agreement.

4.7 Index. We have the right to adjust, for inflation, all fixed dollar amounts under this Agreement once a year (but not the Initial Franchise Fee) to reflect changes in the Index since when you signed this Agreement. For the purpose of this Section 4.7, the term "**Index**" means the Consumer Price Index (1982-84=100; all items; CPI-U; all urban consumers) as published by the U.S. Bureau of Labor Statistics ("**BLS**"). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

4.8 No Subordination. You agree not to subordinate (for example, to make a secondary priority) to any other obligation your obligations to pay us the amounts due under this Agreement (this includes without limitation royalties, Marketing Obligation, etc.) or otherwise; and you further agree that if you do make any such subordination commitment without our prior written consent, commitment will be null and void.

5 FRANCHISED BUSINESS LOCATION, PREPARATION AND OPENING DEADLINE

5.1 Site Requirements and Selection. You are responsible for finding and then leasing a suitable site for your Studio. As provided in Section 1.2 above, if we have not agreed upon an Approved Location for your Studio and noted that location in Exhibit A when this Agreement is signed, then you must sign our Site Selection Addendum (see Exhibit F to this Agreement). You must then, at your own expense and according to the terms of the Site Selection Addendum, identify and obtain the right to use a site as the Approved Location your Studio. Before committing to a site, you must obtain our written approval of the site and lease as provided in the Site Selection Addendum. As described in the Site Selection Addendum, once you have obtained the right to use an approved site, we will insert the specific location on Exhibit A and it will be the "Approved Location" referred to in this Agreement. We have no obligation to extend the Opening Deadline (as specified in Section 5.7 below) if you have not obtained our approval or secured the right to use the Approved Location and completed all other requirements to begin operating by the Opening Deadline.

5.2 Lease Conditions. You agree to submit the proposed lease or sublease for the premises of your Studio to us for our review and approval in the manner described in the Site Selection Addendum. We have the right to require you and the landlord for the Approved Location to sign our Lease Addendum (a copy of which is attached to this Agreement as Exhibit G) as a condition to giving our approval to your lease or sublease. Once signed, you agree not to modify the lease without our prior written approval.

5.3 System Specifications for a Studio. We will provide you with: (a) our general plans and specifications for the design and appearance of Studios, including certain design elements that you must incorporate into your Studio (together the "**System Design Elements**"), and (b) our specifications for equipment, furnishings, fixtures, as well as computers and other technology systems (as further described in Section 15 below), and signage that you must incorporate into your Studio (the "**Operating Assets**"). Our System Design Elements may include minimum standards for portions of the Studio (such as minimum requirements for bathrooms, customer dressing areas, and back-office areas), as well as specifications for décor and general layout.

5.4 Studio Development and Preparation. You are responsible for developing, at your own expense, your Studio at the Approved Location. Among other things, you agree to all of the following:

5.4.1 You agree to secure all financing required to develop and operate the Franchised Business (we will not provide you with any financing for Franchised Business development).

5.4.2 You agree to obtain all required zoning permits, all required building, utility, sign permits, and licenses, and any other required permits, licenses and certifications.

5.4.3 You agree to prepare any architectural and working drawing necessary to complete the development of your Studio at the Approved Location, which will incorporate standards and specifications for System Design Elements. We have the right to require that you submit all such plans (and changes to those plans) for our review and written approval before you begin construction and/or build-out. After we have given our approval, you may not deviate from such approved plans and drawings without obtaining our prior written approval.

5.4.4 You agree to purchase or lease, and install, all required fixtures, furniture, equipment (including computer, facsimile, and technology information system), furnishings, and signs as needed, including complying with our requirements for Operating Assets for the Franchised Business.

5.4.5 You must complete all construction and/or remodeling, furnishing, decorating, and equipping of the Studio in accordance with the approved plans, and in doing so, you agree to use a licensed and bonded contractor for any construction and remodeling.

5.4.6 In connection with the System Design Elements and any layout and equipment plans that we provide to you, you acknowledge and agree that those specifications do not meet and are not meant to address the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the ADA and/or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor will such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific Franchised Business. You will be solely responsible for complying with all federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design and operation of the Studio. If you receive any complaint, claim, or other notice alleging a failure to comply with any such requirements, you agree to provide us with a copy of that notice within five (5) days after you receive the notice.

5.5 Review. You are solely responsible for all due diligence and related costs to determine the suitability of a proposed site for the Franchised Business, including the costs related to issues that arise after the commencement of construction (such as after walls and floors are opened), even if we were involved in reviewing the site prior to your commitment to construct the Franchised Business at that site. You acknowledge and agree that our review and/or our approval of a site, lease, sublease, or purchase agreement, and design plans or renovation plans for a Franchised Business does not constitute our recommendation, endorsement, or guarantee of the suitability of that location or the terms of the lease, sublease, or purchase agreement; accordingly, you agree to take all steps necessary to determine for yourself whether a particular location and whether the terms of any lease, sublease, or purchase agreement for the site are beneficial and acceptable to you. Additionally, we will not review whether you are in compliance with federal, state, or local laws and regulations, including the ADA, and you acknowledge and agree that: ***(a)*** you are solely responsible for compliance with all such laws and regulations; and ***(b)*** that any approval we may give is not, and will not be deemed to be, an assessment of your legal compliance with those laws and regulations.

5.6 Pre-Opening. Before opening for business, you agree to meet all of the pre-opening requirements specified in this Agreement (including, without limitation, those with respect to the Grand Opening Marketing Program), the Manual, and/or that we may otherwise specify in writing.

5.7 Opening Deadline. You must have our prior written approval to start operating, and you must actually start operating your Franchised Business on or before one hundred eighty (180) days after the date of this Agreement (the "**Opening Deadline**"). If you do not begin operating on time, we will have the right to terminate this Agreement under Section 17.2.1 below.

5.8 Development Costs. Within ninety (90) days after the Franchised Business first opens for business, you must give us a full written breakdown of all costs associated with the development and construction of the Franchised Business, in the form that we may reasonably find acceptable or that we may otherwise require.

5.9 Use of the Premises. You may use the Approved Location only for the purpose of operating the Franchised Business and for no other purpose. You agree not to permit any other business to operate at the Approved Location (whether as a co-branded operation, tenant, or otherwise), and not to use or permit the use of the premises for any purpose other than operating a Studio, without our prior written approval. As used in this Section, the term "**premises**" includes the grounds and immediate adjacent space surrounding the Studio that are under your control.

5.10 Relocation. You agree not to relocate the Franchised Business without our prior written consent. We will have the right to grant or to withhold our approval of any proposed location or relocation and, if our approval is granted, you understand that our approval will not be deemed to be our guarantee, representation, or assurance that your Franchised Business will be profitable or successful at that location or elsewhere.

6 OPERATING PRINCIPAL, TRAINING AND PERSONNEL

6.1 Operating Principal and Management.

6.1.1 If you are a corporation, partnership or LLC, you must have an individual owner serve as your "**Operating Principal**". The Operating Principal must supervise the operation of the Franchised Business and must own at least twenty percent (20%) of the voting and ownership interests in the franchisee entity, unless you obtain our prior written approval for the Operating Principal to hold a smaller interest. The Operating Principal must complete our training program, as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us. and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit C. You may not change the Operating Principal without our prior approval.

6.1.2 You must inform us in writing whether the Operating Principal will assume full-time responsibility for the daily supervision and operation of the Franchised Business. If the Operating Principal will not supervise the Franchised Business on a full-time and daily basis, you must employ a full-time manager (the "**Franchised Business Manager**") with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Franchised Business.

6.1.3 The Franchised Business must be under the active full-time management of either you or the Operating Principal or Franchised Business Manager who has successfully completed (to our satisfaction) our initial training program.

6.2 We Will Provide Training. Before the opening of your Franchised Business, we will provide to you (or if you are an entity, your Operating Principal), your Franchised Business Manager (if applicable under Section 6.1.2 above), and your employees who will act as your class instructors with customers (each a "**Class Instructor**"), the training programs that we designate. We will also provide the ongoing training and evaluation that we periodically deem appropriate, at such places and times that we deem proper, and by such methods as we may deem proper (which may include electronic links, such as podcast and Skype, or distance learning tools and web-based training programs). You and your Highly Trained Personnel (as defined in Section 6.3.1 below) and Class Instructors must participate in the ongoing training that we provide. Our training programs will be conducted in the English language. We will be responsible for the cost of instruction and materials as provided in Section 6.6.7 below, except as otherwise specified in Sections 6.3.2, 6.3.4, 6.5, 6.6.1, and 6.6.2 below).

6.3 Initial Training of Highly Trained Personnel and Class Instructors. Before opening the Franchised Business, you (or if you are an entity, your Operating Principal) and your Franchised Business Manager (if you will employ a Franchised Business Manager) must attend and successfully complete, to our satisfaction, the initial training program we offer for Studio franchisees at our headquarters or another location that we specify. Your Class Instructors must attend and successfully complete our initial training program for Class Instructors as described in Section 6.4 below.

6.3.1 The term "**Highly Trained Personnel**" is agreed to mean: (a) you; (b) the Operating Principal; (c) if applicable under Section 6.1.2 above, the Franchised Business Manager; and (d) if applicable under Section 6.5 below, your Master Teacher Trainer.

6.3.2 You may send up to four (4) intended Class Instructors, and your Operating Principal and Principals to the initial training program. If you ask to send additional individuals to the initial training program, then you agree to pay us our then-current training fee, which will be determined according to the role each such person will perform in your Franchised Business, and is currently Two Hundred and Seventy-Five Dollars ($275) per additional Class Instructor. We do not charge a separate fee for individuals who will only attend the management and back-office portions of our initial training program.

6.3.3 You (or your Operating Principal), Franchised Business Manager and at least three (3) intended Class Instructors must each begin the initial training program at least forty-five (45) days before the Franchised Business begins operation. Our initial training program includes two phases.

- The ***first phase*** is conducted at our headquarters (or another location that we specify) and consists of approximately four (4) days of training on how to become a class instructor for all intended Class Instructors and two (2) more days of training on management and back-office training for your Franchised Business Manager and Operating Principal and Owners. If your Franchised Business Manager and Operating Principal will not provide class instruction, then the management and back-office training may run concurrently with the other training, although we may require that your Franchised Business Manager and "**Operating Principal**" attend portions of the training relating to class instruction.

- The ***second phase*** of training occurs at your Studio, which you must attend and complete within thirty (30) days after you finish the first phase of training. In the second phase, we will oversee via electronic link (such as a private Facebook page, Skype, or other form of video conference) your intended Class Instructors. You will have your intended Class Instructors conduct (for our review) mock classes to demonstrate their ability to provide the Programs to our standards and satisfaction. We will review the demonstration class(es) either in-person or by electronic link. You must complete the second phase of training and obtain our written approval of the Class Instructor within thirty (30) days of your completion of the first phase of training.

6.3.4 We have the right to determine whether each person has successfully completed training. If you or your personnel do not complete initial training to our satisfaction, then you or they may repeat the course or send a substitute to the next available scheduled training session; however, we will have no obligation to extend the Opening Deadline for this purpose, and we reserve the right to terminate this Agreement if you (or your Operating Principal), Franchised Business Manager, and/or Class Instructors are unable, in our judgment, to successfully complete training on time. We reserve the right to charge you a reasonable fee for repeated initial training.

6.3.5 We have the right to vary the duration or content of the training program for any trainee who has prior experience with our concept or in similar businesses or based on the person's role in the Franchised Business. We also have the right to allow you to train certain of your managerial employees (and their successors in those positions) at your location.

6.4 Training of Class Instructors and Other Personnel.

6.4.1 As provided above in Section 6.3.3, before opening the Franchised Business, at least three (3) individuals whom you intend to serve as your Class Instructors must attend and successfully complete, to our satisfaction: (a) the portions of the first phase of our initial training program that we conduct for Class Instructors at our headquarters or another location that we specify; and (b) the second phase of our initial training program and evaluation process, which will be conducted at your Studio.

6.4.2 No person may serve as a Class Instructor unless you have obtained our prior written approval for her/his service in that capacity. As part of our evaluation of each individual, we have the right to require that your Class Instructors perform a demonstration class that we may review by electronic link (such as video conference) a minimum of 1 week prior to opening.

6.5 Master Teacher Trainer. At the later to occur of (a) three (3) months from the date you first open for business, or (b) the time you are offering on a regular basis a minimum of thirty (30) classes per week, you may submit to us a request for an individual to become certified by us to act as a "Master Teacher Trainer" for your Franchised Business. A "**Master Teacher Trainer**" is a person who has qualifications reasonably acceptable to us and, after satisfactorily completing training by us, be responsible for teaching the Programs, Program Materials and customer instruction techniques, standards and procedures to your Class Instructors. You agree to pay us our then-current training fee, which is currently One thousand and Twenty-five Dollars ($1,025) per intended Master Teacher Trainer, which fee is due in full before training starts. During the time that you have an approved Master Teacher Trainer, we may approve your Master Teacher Trainer to provide additional and ongoing training to the Class Instructors whom we have approved and/or to train new persons to serve as additional or replacement Class Instructors; provided, that all such training is conducted according to our standards and that you obtain our prior written approval for each new Class Instructor as described below. During any period that you do not have an employee acting as a Master Teacher Trainer trained and approved by us, we have the right to require that your Class Instructors come to our headquarters or another location that we specify for training, and we have the right to require that you pay our then-current fee for such training as described in Section 6.6.1 below.

6.6 Additional Obligations Regarding Training and Personnel.

6.6.1 If any of the Highly Trained Personnel cease active management or employment at the Franchised Business, or if we disapprove of any of the Highly Trained Personnel, or if you wish to add new personnel as Class Instructors, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us) in our initial training program within thirty (30) days after the Highly Trained Person ended his/her full-time employment and/or management responsibilities, or before any proposed Class Instructors begin conducting Programs at your Studio. The replacement or additional personnel must attend and successfully complete the basic initial training program that we require for their position, to our reasonable satisfaction, as soon as it is practical to do so. You agree to pay us our then-current training fee, which will be determined according to the role each such person will perform in your Franchised Business, and is currently as follows: (a) for Phase 1 Training: the fees are (i) Three Hundred and Fifty Dollars ($350) per Franchised Business Manager and/or Operating Principal and Owners, and (ii) Six Hundred and Twenty-Five Dollars ($625) per Class Instructor for the first person and, if applicable, Three Hundred Seventy-Five Dollars ($375) for each additional person that attend at the same training session (with up to five persons allowed during a single training session); and (b) for Phase 2 training, which applies to any replacement persons who you with to serve as Class Instructors: Six Hundred and Ninety-Five Dollars ($695) per Class Instructor, unless you have an approved Master Teacher Trainer who can assist in the Phase 2 training, in which circumstance, you and your Master Teacher Trainer will be responsible for conducting the Phase 1 training at your site and at your expense, and for Phase 2, we will reduce the training fee to Three Hundred and Fifty Dollars ($350) per Class Instructor. You agree to pay those amounts in full before the start of each phase of training, as applicable to your trainees.

6.6.2 We may, at any time during the term of this Agreement, decertify any previously certified Class Instructor if we learn or determine that a person is regarded as no longer complying with our standards and procedures. Any person that has been decertified must satisfactorily complete a training or re-training program to receive our certification. We reserve the right to charge for training (or re-training) personnel who were decertified.

6.6.3 We will have the right to require that your Highly Trained Personnel and Class Instructors attend the refresher courses, seminars, and other training programs that we may reasonably specify from time to time.

6.6.4 We will have the right to require that your trainees sign and deliver to us a personal covenant of confidentiality in substantially the form appended to this Agreement as Exhibit I.

6.6.5 You must cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 14 below.

6.6.6 We will bear the cost of instruction and required materials for initial training and quarterly training (except as otherwise provided specified in this Section 6), and you will bear all other expenses incurred in connection with any training (including without limitation the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance). We reserve the right to charge our then-current training fee for any other training that we may provide.

6.6.7 You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses.

7 PROGRAMS AND SUPPLY OF OTHER PRODUCTS

7.1 Services and Products You May Offer. You may offer customers only the Programs, and other services and products that we have expressly authorized Franchised Businesses to offer, which we will specify in the Manual or otherwise in writing. We have the right to designate specific programs, classes, and services and products as optional or mandatory. You acknowledge that we may approve some programs, classes, services, products, and other items for certain franchisees, and not others, based on legitimate business reasons.

7.2 Studio Barre Programs and Program Materials. We and our affiliates have developed the Programs and Program Materials as part of the System. These include specialized fitness and dance instructional routines, techniques and materials, which are proprietary to us. In order to maintain the high standards of quality and consistency in the teaching of the Programs and delivery of services, and to protect the proprietary nature of these Programs and materials, you must use only the Program Materials that we specify and require, as set forth in the Manual. We hereby grant you a license to offer the Program and use the Program Materials during the term of this Agreement. This license is a non-exclusive, non-transferable license. You further acknowledge and agree that, as part of the System, we will make periodic changes in the Programs to be provided to customers in the Studios. We will provide the updates and changes in the Programs and related materials (including changed and new choreography, music and fitness routines) through the Manual or the Extranet. You agree that you will promptly, and within the time frames we specify in the Manual, follow the changes and will teach the revised Programs and materials to all Class Instructors so that all Programs are conducted for customers according to our standards and specifications.

7.3 Sourcing of Authorized Products, Equipment and Other Items.

7.3.1 Without limiting Section 7.2 above, we have the right to require that support services that you use, as well as the Operating Assets and all other equipment, products, apparel, supplies, and materials that you use in the operation of the Franchised Business and/or offer for resell to customers of your Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from manufacturers, vendors, distributors, and other suppliers that we have expressly approved; and/or (c) be purchased only from a single source (which may include us or our affiliates). To the extent that we establish specifications, require approval of suppliers, or designate specific suppliers for particular items, we will notify you via the Manual. We and our affiliates may earn income on sales that we make directly to you.

7.3.2 We may negotiate purchasing arrangements under which suppliers agree to make services, products, equipment, materials and other goods and services available to Studios. Subject to applicable law, we may earn money from the suppliers based on your purchases in the form of rebates, commissions, or other payments. You acknowledge that these payments compensate us for the cost of negotiating and maintaining the purchasing arrangements with the suppliers and that, subject to applicable laws, we have no obligation to remit the funds to you.

7.3.3 If you would like to use or offer services, programs, products, supplies, materials, and/or equipment that we have not approved (and/or buy any of those items from a supplier that we have not approved), then you agree to first submit to us a written request for approval. We have the right to review the proposed vendor, including but not limited to our right to: (a) inspect the proposed supplier's facilities; (b) test samples of the proposed items; (c) require that the proposed supplier process orders and transactions through a central system we designate, and/or (d) evaluate the proposed supplier's business background, any relevant factors (such as insurance), and services. You (or if you can arrange it, the vendor) must pay us an amount not to exceed the reasonable cost of the inspection or evaluation and our actual cost of testing the proposed item or service, including personnel, travel costs, and communication costs, whether or not the supplier is ultimately approved. We will not disclose, or authorize you to disclose, any confidential requirements, equipment, designs, systems and data, which we may have, to potential suppliers unless and until we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and data; and will adequately supply your reasonable needs. We have the right to grant, deny, or revoke approval of services, programs, products, and suppliers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. We may also charge suppliers a reasonable license fee to use the Proprietary Marks or any other of our proprietary property. We reserve the right to reinspect the facilities and products and reevaluate programs and services of any approved supplier for proper production, presentation, processing, packaging, storing, and transportation, and to revoke approval upon the supplier's failure to meet any of our then-current criteria. Permission for inspection will be a condition of our continued approval of any product or supplier. If you receive a notice of revocation of approval, you agree to cease purchasing from the disapproved supplier and, in the case of revocation based on failure to meet our standards, you agree to dispose of your remaining inventory of the disapproved supplier's products, supplies, materials and equipment as we direct.

7.3.4 We have the right to require or authorize you to sell items that bear our Proprietary Marks (for example, portable exercise equipment for use by customers, work-out gear and accessories, or bottled water), or to use items that bear our Proprietary Marks. If we do so, in order to maintain the high standards of quality and uniformity among any items used or sold in the System, we have the right to require that you buy, use, and sell only the items only from our approved suppliers (or as otherwise required under Section 7.2 above).

7.4 <u>Use of the Marks</u>. You must require all marketing materials, signs, decorations, and other items that we may require to bear the Proprietary Marks to do so in the form, color, location, and manner we prescribe (and subject to our prior written approval, for example as provided in Section 13.8 below).

7.5 <u>Innovations</u>. All products, services, concepts, methods, techniques, and/or new information relevant to your operation of the Franchised Business (together, "**<u>Innovations</u>**"), whether or not constituting protectable intellectual property, that you or your employees create, or that are created on your behalf, must be promptly disclosed to us. All such Innovations will be deemed to be our sole and exclusive property and works made-for-hire for us. You and each of your Principals and owners agree to: (a) sign the assignment and/or other documents we request in order to implement this clause in order to evidence our ownership; (b) cause your employees and contractors to sign such assignment documents as we may request for this purpose; and (c) assist us in securing intellectual property rights in such Innovations.

7.6 Attire. To promote a consistent image, you agree that you and your employees will comply with such dress code or standards as we may require, which may include use of branded (or other "uniform") apparel, and otherwise identify themselves with the Proprietary Marks at all times in the manner we specify (whether in the Manual or otherwise in writing) while on a job for the Franchised Business. We may also require that you and your employees comply with personal appearance standards (including but not limited to dress code, shoes, hair color, body art, piercing, sanitation and personal hygiene, foundation garments, personal displays, etc.). You agree to buy any uniforms we may require only from approved suppliers. Additionally, you agree to require that all customers comply with our requirements to wear socks while participating in all classes, unless we have designated that certain Programs do not require wearing socks.

8 YOUR DUTIES.

8.1 Every Detail Important. You understand and acknowledge that every detail of the Franchised Business is important to you, us and other franchisees in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, and to protect our reputation and goodwill.

8.2 Opening. In connection with the opening of the Franchised Business:

8.2.1 You must conduct, at your expense, such grand opening marketing activities as we may require, as set forth in Section 13 below.

8.2.2 You must give us at least fourteen (14) days' prior notice of the date on which you propose to first open the Franchised Business. We will send a representative to be at your Studio on the first day that you open for business (unless you (or your affiliates) already have three (3) or more Studios operating under the System), and you agree not to open the Franchised Business without our representative present. If we cannot provide our representative on the date that you propose to first open the Franchised Business for business, then we have the right to require you to reschedule such opening to a date on which our representative can be in attendance; provided, that we will not unreasonably delay opening of the Franchised Business due to these considerations.

8.3 Staffing.

8.3.1 You agree to maintain a competent, conscientious, trained staff in numbers sufficient to promptly service customers, including specified positions and minimum staffing levels that we may establish from time to time. The positions and/or functions for which you will be required to maintain staff for your Franchised Business include, without limitation, Class Instructors who are selected and trained in compliance with Section 6.4 above and personnel sufficient to operate a front desk for customer intake, reception and related customer services at the Studio. You agree to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code and cleanliness and sanitation standards as we may prescribe, or as may be required under applicable law.

8.3.2 You and your staff must, at all times, cooperate with us and with our representatives. We will have the ongoing right to approve or disapprove of the service of individuals in your Franchised Business as to the functions that they play in your business (including but not limited to the Highly Trained Personnel and Class Instructors); if any time at all, we determine that such an individual does not continue to meet our criteria for such function(s), you agree to remove him/her from the that role we disapprove (but you understand and agree that our disapproval of him/her in that function(s) is not meant to, and should not be construed as, any instruction or demand on our part that the individual should be dismissed as an employee).

8.3.3 If you (including your affiliates) have five (5) or more Studios operating under the System, and for each additional multiple of five, you must employ at least one full-time supervisor (the Franchised Business Manager may serve in this capacity), who will be reasonably acceptable to us and must meet such standards as we may reasonably impose in the Manual or otherwise in writing (including without limitation the requirement that the Franchised Business Manager attend and successfully complete the training course specified in Section 6.4 above), to supervise and coordinate the operation of the Studios and the activities of Studio Managers.

8.3.4 Although we will neither require the methods you use, nor will we monitor how you do so, you agree to develop, cultivate, and at all times maintain a cooperative, cordial, respectful, and professional work environment for your customers to experience, as well as for your staff and among all of the owners of the Franchised Business and us.

8.4 Operation According to Our Standards. To insure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with such methods, standards, and specifications as we may periodically prescribe in the Manual or otherwise in writing. You agree that you will do all of the following:

8.4.1 You agree to maintain in sufficient supply, and to use and/or sell at all times only such approved items, products, materials, supplies, packaging, and paper goods as conform to our written standards and specifications, and to refrain from deviating therefrom by the use or offer of any non-conforming items without our specific prior written consent.

8.4.2 You agree to sell or offer for sale only such services, items, and products as we have approved for sale in writing, employing the standards and techniques we specify (and subject to the other requirements specified in Section 7 above); to refrain from making any changes to the items offered at the Franchised Business without our prior written approval; to refrain from any deviation from our standards and specifications, including manner of providing the Programs, without our prior written consent; and to discontinue selling and offering for sale any services, items, or products, which we may, in our discretion, disapprove in writing at any time. If you deviate or propose to deviate from our standards and specifications, whether or not we have approved such deviation, such deviation will become our property, and can be removed immediately.

8.4.3 You agree that you will schedule and conduct the Programs during such minimum number of class sessions, measured on a per week basis, as we may periodically specify in the Manual or as we may otherwise approve in writing.

8.4.4 You agree to purchase and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we may specify; and to refrain from installing or permitting to be installed on or about the Studio premises, without our prior written consent, any fixtures, furnishings, equipment, decor, signs, or other items not previously approved as meeting our standards or being consistent with our System Design Elements.

8.4.5 You agree to install and maintain at the Studio only the televisions, video monitors, displays, audio devices, and other media devices that we may require or that we have approved, in writing, in the location(s) we prescribe or approve, and to display, play, and/or show on such devices only the content and programming that we may periodically permit in the Manual or otherwise in writing.

8.5 Health Standards. You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You agree to send to us, within fifteen (15) days after your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business.

8.6 Franchised Business Condition and Maintenance. You agree that, at all times, you will maintain the Franchised Business in a high degree of sanitation, repair, and condition. In that regard, you agree to make such additions, alterations, repairs, and replacements to the furniture, fixtures, and equipment of the Franchised Business (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furniture, furnishings, equipment, flooring, and decor as we may reasonably direct.

8.7 For a Franchisee that is an Entity:

8.7.1 *Corporate Franchisee.* If you are a corporation, then you must be a new entity and agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) not issue any voting securities or securities convertible into voting securities; (c) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request; (d) maintain stop-transfer instructions on your records against the transfer of any equity securities; and (e) only issue securities that have a statement printed on the stock certificates (or their equivalent) that references the transfer restrictions set out under this Agreement, as follows:

The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Studio Barre Franchising LLC, dated

[_______]. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this [Corporation] [LLC].

8.7.2 *Partnership/LLP Franchisee.* If you are a partnership or a limited liability partnership (LLP), then you must be a new entity and agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all our your general and limited partners; and (d) consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.7.3 *LLC Franchisee.* If you are a limited liability company (LLC), then you must be a new entity and agree to: (a) confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; (b) furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments thereto; (c) prepare and furnish to us, upon request, a current list of all members and managers in your LLC; (d) maintain stop-transfer instructions on your records against the transfer of any equity securities; and (e) only issue securities that have a statement printed on the stock certificates (or their equivalent) that references the transfer restrictions set out under this Agreement (as specified in Section 8.7.1 above).

8.7.4 *Guarantees.* Each present and future: (a) shareholder of a corporate Franchisee; (b) member of a limited liability company Franchisee; (c) partner of a partnership Franchisee; and/or (d) partner of a limited liability partnership Franchisee; must jointly and severally guarantee your performance of each and every provision of this Agreement by executing the Guarantee, Indemnification, And Acknowledgment in the form attached to this Agreement as Exhibit C.

8.8 Customer Contracts. For each customer of your Franchised Business, you must obtain a signed contract with each such customer before the customer participates in a class. You must use the form of customer contract and other materials that we prescribe in the Manual or otherwise approve, provided that you will be responsible for adapting the standard customer contract, as needed, to meet any state and local laws applicable to your Franchised Business. You must enter into and, upon request, deliver to us copies of all signed customer contracts and/or enter all Customer Data into the Computer System in the manner we may specify from time to time.

8.9 Prices. You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Programs and other products and services (subject to applicable law) offered and sold under this Agreement. With respect to the sale of all such Programs, products, or services, you will have sole discretion as to the prices to be charged to customers; provided, however, that we will have the right to set maximum or minimum prices on such Programs, products, and services (subject to applicable law), to promote inter-brand competition. If we impose a maximum price on a particular Program, product, or service, then (subject to applicable law) you may charge any price for that Program, product, or service, up to and including the maximum price we have set. If we impose a minimum price on a particular Program, product, or service, then you may charge any price for that Program, product, or services (subject to applicable law), down to and including the minimum price that we have set.

8.10 Conferences. We may conduct annual conferences or conventions, which may include training sessions. We may require your Operating Principal, Franchised Business Manager, and/or Master Teacher Trainer to attend the conferences. You will be solely responsible for all costs incurred by you and your employees in attending any conferences or conventions.

8.11 Environmental Matters. We are committed to working to attain optimal performance of Studios with respect to environmental, sustainability, and energy performance. We each recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Manual, and you agree to abide by those standards.

8.12 Other Requirements. You agree to comply with all of the requirements specified in this Agreement.

9 PROPRIETARY MARKS.

9.1 Our Representations. We represent with respect to the Proprietary Marks that:

9.1.1 We own (and/or have an appropriate license from our affiliate to) all right, title, and interest in and to the Proprietary Marks.

9.1.2 We have taken and will take all steps reasonably necessary to preserve and protect the ownership and validity in, and of, the Proprietary Marks.

9.2 Your Agreement. With respect to your use of the Proprietary Marks, you agree that:

9.2.1 You agree to use only the Proprietary Marks we designate, and only in the manner, in the places, and at the times that we authorize and permit in writing.

9.2.2 You agree to use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in advertising for your Franchised Business as to which we have given our prior written approval.

9.2.3 You agree to operate and advertise the Franchised Business only under the name "Studio Barre," without any prefix or suffix.

9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary

Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of your Franchised Business as we may designate in writing.

9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use of the Proprietary Marks will constitute an infringement of our rights.

9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

9.2.7 You agree not to use the Proprietary Marks: (a) as part of your corporate or other legal name; (b) as part of your identification in any email address, domain name, social media site, social networking site, or in other electronic medium (except as permitted under Section 15.6 below); and/or (c) in connection with any employment or H.R. documents (including but not limited to employment applications, paychecks, pay stubs, payment notices, employment agreements, and correspondence with your employees).

9.2.8 You agree to sign and deliver to us any documents that we or our counsel deem reasonably necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

9.2.9 You agree not to directly or indirectly engage in any activities that would be detrimental to or interfere with the operation, reputation, or goodwill of the Franchised Business, us, the Proprietary Marks, and/or the System. You acknowledge and agree that such prohibited activities include, without limitation, making, posting, and/or transmitting disparaging comments about the Proprietary Marks, the Franchised Business, us, our affiliates, other Studio Barre franchisees, and/or the System, in an advertisement, letter, e-mail, Internet chat room, teleconference, website, social or professional networking site, or any other such medium. However, nothing in this Section will preclude you from honestly answering questions posed by prospective franchisees seeking information about the Franchised Business, us, or the System.

9.2.10 With respect to litigation or other adversarial proceedings involving the Proprietary Marks, the parties agree that:

9.2.10.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed hereunder. You acknowledge and agree that we will have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

9.2.10.2 If you have used the Proprietary Marks in accordance with this Agreement, then we will indemnify and defend you, at our expense, against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof. If you have not used the Proprietary Marks in accordance with this Agreement, then we will still defend you, but at your expense, against such third party claims, suits, or demands (and you agree to reimburse us for the cost of such a proceeding, including without limitation, attorneys' fees, as well as the cost of any judgment or settlement).

9.2.10.3 If we undertake the defense or prosecution of any litigation relating to the Proprietary Marks, then you agree to execute and deliver to us any and all documents and do such acts and things as may, in the opinion of our counsel, be reasonably necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out of pocket costs in doing such acts and things, except that you must bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. However, if the litigation or proceedings are the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, then you agree to reimburse us for the cost of such litigation, including, without limitation, attorney's fees, as well as the cost of any judgment or settlement.

9.3 Your Acknowledgements. You understand, acknowledge, and agree that with respect to our Proprietary Marks and our other intellectual property associated with the System (including but not limited to the choreography) (together, our "**IP Properties**"):

9.3.1 We (and/or our affiliates) own all right, title, and interest in and to the IP Properties as well as goodwill associated with and symbolized by them.

9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.

9.3.3 Neither you nor any of your principals may directly or indirectly contest the validity or our ownership of the IP Properties, nor will you, directly or indirectly, seek to register the IP Properties with any government agency or other registry (e.g., a domain name registry or social media site).

9.3.4 Your use of the IP Properties does not give you any ownership interest or other interest in or to the IP Properties, except the limited license granted by this Agreement.

9.3.5 Any and all goodwill arising from your use of the IP Properties will inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted under this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System or the IP Properties.

9.3.6 The right and license of the IP Properties granted to you under this Agreement is non-exclusive, and we thus have and retain the right, among others:

9.3.6.1 To use the IP Properties in connection with selling products and services;

9.3.6.2 To grant other licenses for the IP Properties, in addition to those licenses already granted to existing franchisees; and

9.3.6.3 To develop and establish other systems using the same or similar IP Properties, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to you.

9.3.7 We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating thereunder if our currently owned Proprietary Marks no longer can be used, or if we, in our sole discretion, determine that substitution of different Proprietary Marks will be beneficial to the System.

10 CONFIDENTIAL OPERATING MANUAL.

10.1 You Agree to Abide by the Manual. In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Manual, one copy of which you acknowledge having received on loan from us, in a format we have chosen (including, but not limited to, paper, CD, e-mail, or online), for the term of this Agreement.

10.2 You Agree to Treat Manual as Confidential. You must at all times treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and must use all reasonable efforts to maintain such information as secret and confidential. Except for those portions of the Manual that we designate, in writing, as appropriate for copying and use at the Franchised Business, you must not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person.

10.3 We Own the Manual. The Manual will at all times remain our sole property and you must at all times maintain the security of the Manual.

10.4 Format of the Manual. We will have the right to provide the Manual in any format we determine is appropriate (including but not limited to paper format and/or by making some or all of the Manual available to you in electronic form, such as through an internet website or an extranet). If at any time we choose to provide the Manual electronically, you agree to immediately return to us any and all physical copies of the Manual that we have previously provided to you.

10.5 Revisions to the Manual. We may periodically revise the contents of the Manual, and you expressly agree to comply with the most current version of the Manual that you have access to and to comply with each new or changed standard.

10.6 Which Copy of the Manual Controls. The version of the Manual that we maintain is the most current and up to date version; and, if there is any dispute about to the contents of the Manual, the terms of the version of the Manual we maintain will be controlling.

10.7 Modifications to the System. You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques, as if they were part of this Agreement at when we signed this Agreement; provided the financial burden placed upon you is not substantial). You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section 10.7.

11 CONFIDENTIAL INFORMATION.

11.1 Confidentiality. You must not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised hereunder which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You must divulge such confidential information only to such of your employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention before our disclosure thereof; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by others.

11.2 Consequences of Breach. You acknowledge that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all expenses, damages, and costs (including but not limited to reasonable attorney's fees) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

12 ACCOUNTING, RECORDS, AND INSPECTIONS.

12.1 Accounting Records.

12.1.1 With respect to the Franchised Business, you agree to maintain for at least seven (7) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed from time to time in the Manual or otherwise in writing, including but not limited to: (a) daily cash reports; (b) cash receipts journal and general ledger; (c) cash disbursements and weekly payroll journal and schedule; (d) monthly bank statements, daily deposit slips and cancelled checks; (e) all tax returns;

(f) supplier's invoices (paid and unpaid); (g) dated daily and weekly cash register journals and point of sale reports in accordance with our standards; (h) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; (i) operational schedules and weekly class records; (j) records of promotion and coupon redemption; and (k) such other records as we may from time to time request. All of these functions may be implemented through a software program (currently, "MindBody"), whether that program is installed on your computer or available online, if we have approved that program in writing and if it has the proper functionality. You agree to allow us access to review such records as specified below in Section 12.6.

12.1.2 We have the right to specify the accounting software, and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us. We have the right to require you to use only an approved bookkeeping service and an approved independent certified public accountant.

12.2 Financial Statements.

12.2.1 Upon our request on an annual basis, you must, at your expense, provide to us, in a format we specify, a complete income statement and balance sheet (prepared according to generally accepted accounting principles) (your "**Annual Financial Statement**") within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement, showing the results of operations of the Franchised Business during the completed fiscal year. You must certify to us, in writing, that your Annual Financial Statement is accurate. If you do not meet your obligation to provide us with access to your books and records, as well as copies of information such as your tax returns, as specified in this Section 12, or if you fail to provide us with required reports (such as sales reports) or if you understate your Gross Sales by greater than two percent (2%), then we will have the right to require you to have your Annual Financial Statement prepared on a review basis by an independent certified public accountant that is reasonably satisfactory to us (however, if you have failed on more than one occasion to meet the foregoing standards, then we will have the right to require that your Annual Financial Standards be prepared on an audited basis by an independent certified public accountant that is reasonably satisfactory to us).

12.2.2 In addition, upon our request, by the twentieth (20th) day after each fiscal quarter (or, if we elect, each fiscal month or other periodic time period) during the term of this Agreement after the opening of the Franchised Business, you agree to provide to us, in a format acceptable to us (or, at our election, in a form that we have specified): (a) a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited) for the Franchised Business; (b) reports of those income and expense items of the Franchised Business that we periodically specify for use in any revenue, earnings, and/or cost summary we chooses to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Business); and (c) copies of all state sales tax returns for the Franchised Business.

12.2.3 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2.

12.3 Additional Information. You also agree to submit to us, for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified from time to time in the Manual or otherwise in writing, including but not limited to: (a) information in electronic format; (b) restated in accordance with our financial reporting periods; (c) consistent with our then-current financial reporting periods and accounting practices and standards; and/or (d) as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not instead of, the provisions of Section 12.6 below.

12.4 PCI Compliance and Credit Cards. With respect to your acceptance and processing of customer payments by credit and debit cards, you agree to do all of the following:

12.4.1 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Credit Card Vendors**") that we may periodically designate as mandatory. The term "Credit Card Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet"). The obligations specified in this Section include your agreement to pay the applicable charges imposed by the Credit Card Vendors for participation in, and transactions conducted through, those methods.

12.4.2 You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.4.3 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.

12.4.4 You agree to comply with all of our policies regarding acceptance of payment by credit and/or debit cards, including for example minimum purchase requirements for a customer's use of a credit card (we may set these requirements in the Manual).

12.4.5 You agree to comply with our requirements concerning data collection and protection, as specified in Section 15.3 below.

12.4.6 You agree to comply with the then-current Payment Card Industry Data Security Standards, as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify.

Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

12.5 Gift Card and Incentive Programs. We have the right to implement gift card and or customer incentive or convenience programs, and if we do so, we may require that you participate in these programs. If we implement mandatory programs, you agree to offer for sale, and to honor for purchase by customers, all gift cards and other incentive or convenience programs (including programs that we or a third party vendor operator); and you agree to do all things in compliance with our standards and procedures for such programs. In order to participate, you agree that you will, among other things: purchase software, hardware, and other items needed to sell and process gift cards, and to contact the gift card supplier or processing services; and pay the applicable charges for participation in, and transactions conducted through, these gift cards and other incentive or convenience programs. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing.

12.6 Our Right to Inspect Your Books and Records. We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you must immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but not more than the maximum rate permitted by law, if any). If we conduct an inspection because you did not timely provide information to us, or if an inspection discloses that you understated your sales, in any report to us, by four percent (4%) or more, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connected with the inspection (including but not limited to travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have. If an inspection discloses that you understated your sales, in any report to us, by five percent (5%) or more, then we will have the right to immediately terminate this Agreement. We may exercise our rights under this section directly or by engaging outside professional advisors (for example, a CPA) to represent us and conduct these reviews on our behalf.

12.7 Operational Inspections. In addition to the provisions of Section 12.6 above, you also grant to us and our agents the right to enter upon the Franchised Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Manual. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. You further agree that you must reimburse us for our representative's time and travel expenses if additional inspections of the Franchised Business are required when a violation has occurred and you have not corrected the violation.

13 MARKETING.

Recognizing the value of advertising and marketing, and the importance of the standardization of advertising and marketing programs to the furtherance of the goodwill and public image of the System, the parties agree to all of the following:

13.1 Marketing Activities and Funds. We have the right to establish, at any time, the Creative Fund and Regional Funds, as described in this Section 13. In addition, you must also conduct the Grand Opening marketing as described in Section 13.9, below.

13.2 Marketing Obligation. For each month during the term of this Agreement, you must: (a) contribute monies to the Creative Fund (as described in Section 13.4 below); (b) contribute monies to a Regional Fund (as described in Section 13.5 below), and/or (c) spend amounts on local marketing (as described in Sections 13.6 and 13.11 below) which, in total, will not exceed four percent (4%) of the Gross Sales of your Franchised Business during the preceding month (provided, however, that if the members of a Regional Fund vote to require additional contributions, as provided in Section 13.5 below, such additional contributions will not be included in the calculation of the 4% maximum) (collectively, all of these marketing contributions and expenditure requirements are referred to in this Agreement as the "**Marketing Obligation**").

13.2.1 We will specify the respective portions of the Marketing Obligation that you must contribute to the Creative Fund, contribute to any Regional Fund, and/or spend directly on local advertising and promotion, and we may adjust the respective portions from time to time. As of the Effective Date, our policy is that you must: (a) spend two percent (2%) of Gross Sales on local marketing as required under Sections 13.6 and 13.11 below; provided, however, that the local marketing expenditure need not be made every month, but must be made annually, as further described in Section 13.6 and 13.11 below; and (b) you must contribute one percent (1%) of Gross Sales to the Creative Fund.

13.2.2 For all company-owned or affiliate-owned Studios, we or our affiliates will contribute to the Creative Fund and/or a Regional Fund on the same basis as franchisees; provided, however that moneys that we or our affiliates spend on activities, materials or products to advertise and promote the System and Studios (which may include costs for our Website and on-line advertising (other than advertising primarily targeted toward the sale of franchises)) will be credited towards our or our affiliates' contribution obligations.

13.2.3 The Marketing Obligation will be in addition to any advertising, marketing, or promotional payments, contributions, or actions required under your lease for the Studio.

13.3 Manner of Payments/Expenditures for Marketing Obligations:

13.3.1 During any period the Creative Fund is in effect, you must contribute to the Creative Fund in the manner required under Section 13.4 below;

13.3.2 If there is a Regional Fund for your area, then you must contribute to the Regional Fund in the manner required under Section 13.5 below; and

13.3.3 Local marketing expenditures must be made in the manner required in Section 13.11 below.

13.4 Creative Fund. We have the right, but not the obligation, to establish, maintain, and administer a system-wide advertising, marketing, promotional, and creative fund ("**Creative Fund**", or such other name as we may designate) for the "Studio Barre" brand and Studios. We, or our designee, will maintain and administer the Creative Fund, as follows:

13.4.1 We, or our designee, will direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Creative Fund is intended to maximize general public recognition, acceptance, and use of the "Studio Barre" brand name and System; and that we and our designee are not obligated, in administering the Creative Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Creative Fund.

13.4.2 The Creative Fund, and all contributions to it and any earnings from it, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, and preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities which we believe will enhance the image of the System, including, among other things, the costs of preparing and conducting media advertising campaigns; direct mail advertising; developing and implementing online marketing (including websites, social media/networking and other digital media), search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing advertising and/or public relations agencies to assist therein; purchasing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; and providing promotional and other marketing materials and services to the Studios operated under the System. The Creative Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System. All sums you pay to the Creative Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except that we have the right to charge the Creative Fund for the reasonable administrative costs and overhead that we incur in activities reasonably related to the direction, administration, and implementation of the Creative Fund and marketing programs for franchisees and the System. The Creative Fund and its earnings will not otherwise inure to our benefit. We or our designee will maintain separate bookkeeping accounts for the Creative Fund.

13.4.3 You must contribute to the Creative Fund in the amount specified in Section 13.2 above by electronic transfer according to the Authorization Agreement for Automated Clearing House (ACH) Network Payments in the manner required under Section 4.4.2 above (a copy of which is attached to this Agreement as Exhibit E) made payable to the Creative Fund, at such times as are required under Section 4.4 above.

13.4.4 The Creative Fund is not and will not be our asset. We are not required to have an independent audit of the Creative Fund completed. We will prepare and make available to you upon reasonable request an unaudited annual statement of the operations of the Creative Fund as shown on our books.

13.4.5 We may make, or refrain from making, any expenditures for advertising and promotional activities. In any calendar year, we may spend more or less than that year's aggregate contributions to the Creative Fund. We may have the Creative Fund borrow from us or other lenders to cover any Creative Fund deficits. We may have the Creative Fund invest any surplus for the Creative Fund's future use.

13.4.6 Although the Creative Fund is intended to be of perpetual duration, we maintain the right to terminate the Creative Fund. The Creative Fund will not be terminated, however, until all monies in the Creative Fund have been expended for marketing purposes. We may elect to repay the remaining balance in the Creative Fund to franchisees based on their pro-rata share of the prior year's contributions.

13.5 Regional Fund. We have the right to designate any geographical area for purposes of establishing a Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located has been established at the time you commence operations hereunder, you must immediately become a member of such Regional Fund. If a Regional Fund for the geographic area in which the Franchised Business is located is established during the term of this Agreement, you must become a member of such Regional Fund within thirty (30) days after the date on which the Regional Fund commences operation. In no event will you be required to be a member of more than one Regional Fund. The following provisions will apply to each such Regional Fund:

13.5.1 Each Regional Fund will be organized and governed in a form and manner, and will commence operations on a date, all of which we must have approved in advance, in writing.

13.5.2 Each Regional Fund will be organized for the exclusive purpose of administering regional marketing programs and developing, subject to our approval, standardized promotional materials for use by the members in regional marketing.

13.5.3 No marketing, advertising or promotional plans or materials may be used by a Regional Fund or furnished to its members without our prior approval, pursuant to the procedures and terms as set forth in Section 13.8 below.

13.5.4 You must submit the contribution to the Regional Fund as required under Section 13.2 above at the time required under Section 4.4 above, together with such statements or reports as we, or the Regional Fund with our prior written approval, may require. If we request, you must submit your contributions and reports to the Regional Fund directly to us for distribution to the Regional Fund.

13.5.5 A majority of the Studio owners in the Regional Fund may vote to increase the amount of each Studio owner's contribution to the Regional Fund by up to an additional one percent (1%) of each Studio's Gross Sales. Voting will be on the basis of one vote per Studio, and any Studios we operate in the region, if any, will have the same voting rights as those owned by our franchisees. You must contribute to the Regional Fund in accordance with any such vote by the Regional Fund to increase each Studio's contribution by up to an additional one percent (1%) of the Gross Sales of your Franchised Business.

13.5.6 Although once established, each Regional Fund is intended to be of perpetual duration, we maintain the right to terminate any Regional Fund. A Regional Fund will not be terminated, however, until all monies in that Regional Fund have been expended for marketing purposes.

13.6 Standards. All local marketing by you must be in such media, and of such type and format as we may approve; must be conducted in a dignified manner; and, must conform to such standards and requirements as we may specify. You must not use any marketing, advertising or promotional plans or materials, including any materials you wish to use in connection with marketing or promoting the Franchised Business for a proposed sale of the Franchised Business, unless and until you have received our written approval, pursuant to the procedures and terms set forth in Section 13.8 below. If we conduct a national or regional advertising campaign, or a promotional initiative for an area that includes your Franchised Business, then you must participate in, and provide Products according to the terms (including pricing for Programs consistent with Section 8.9 above) of, such campaign or initiative.

13.7 Materials Available for Purchase. We may periodically make available to you, for you to purchase, marketing materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing materials for use in local marketing.

13.8 Our Review and Right to Approve All Proposed Marketing. For all proposed marketing plans, you or the Regional Fund, where applicable, must submit samples of such proposed plans and materials to us (by means described in Section 23 below), along with a description of the mode and means by which the proposed marketing would be used, for our prior written approval. If you or the Regional Fund do not receive written approval from us within fifteen (15) days of when we receive such samples or materials, we will be deemed to have disapproved them. You acknowledge and agree that any and all copyright in and to marketing materials developed by or on your behalf will be our sole property, and you agree to execute and deliver to us such documents (and, if necessary, require your independent contractors to execute and deliver to us such documents) as we may deem reasonably necessary to give effect to this provision. Our review of any proposed marketing and promotional plans and materials will be limited to reviewing the trademarks and the content of the proposed advertising from a branding and trademark protection perspective, and we will not evaluate proposed materials or plans for compliance with applicable legal requirements.

13.9 Grand Opening Marketing Program. In addition to and not in lieu of your marketing contributions to the Creative Fund or Regional Fund, you must expend not less than Two Thousand Five Hundred Dollars ($2,500) on local marketing conducted in conjunction with the Studio's initial grand opening (the "**Grand Opening Marketing Program**"), in accordance with our specifications therefor. You must complete the Grand Opening Marketing Program no later than three months after the date on which the Franchised Business first opens for business. All materials used in the Grand Opening Marketing Program will be subject to our approval under Section 13.8, above. For the purpose of this Agreement, the Grand Opening Marketing Program will be considered local marketing, as provided under Section 13.11 below.

13.10 Additional Marketing Expenditures Encouraged. You understand and acknowledges that the required contributions and expenditures are minimum requirements only, and that you may, and are encouraged by us to, expend additional funds for local marketing of a local nature which will focus on disseminating advertising directly related to your Franchised Business.

13.11 Local Marketing and Promotion. As used in this Agreement, the term "**local marketing**" consists only of the direct costs of purchasing and producing marketing materials (including, but not limited to, camera-ready advertising and point of sale materials), media (space or time), and those direct out-of-pocket expenses related to costs of "marketing" you spend in your local market or area, marketing and advertising agency fees and expenses, postage, shipping, telephone, and photocopying.

13.11.1 "Local marketing" does not include costs or expenses incurred by or on your behalf in connection with any of the following:

13.11.2 Salaries and expenses of any of your employees, independent contractors, and/or agents, including salaries or expenses for attendance at marketing and advertising meetings or activities, or incentives provided or offered to such employees, including discount coupons;

13.11.3 Charitable, political, or other contributions or donations;

13.11.4 The value of discounts provided to consumers; and

13.11.5 Specialty items (e.g., water bottles, banners, t-shirts, and premiums), unless such items are a part of a market-wide advertising and sales promotion program but only to the extent that the cost of such items is not recovered by the promotion.

13.11.6 Upon our request, you must pay your local marketing expenditure obligation as required under Section 13.2.3 above to a special bank account that we establish and maintain and from which you may apply to withdraw funds for the purpose of paying (or reimbursing yourself) for mutually-agreeable local marketing as specified in this Section 13.11.

14 INSURANCE.

14.1 Coverage and Insurance Company. Before starting any activities or operations under this Agreement, you must procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the Term of this Agreement), at your expense, the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Business or other facilities on premises. Such policy or policies must be written by an insurance company or companies reasonably satisfactory to us, having a current A.M. Best's rating of at least A-VII and licensed to do business in the state in which the Franchised Business is located, and must include, at a minimum (except such additional coverages and higher policy limits as we may reasonably specify for all franchisees from time to time in the Manual or otherwise in writing), the following:

14.1.1 Comprehensive general liability insurance (including without limitation personal injury and property damage coverage), on an occurrence form, with a combined single limit of at least and Three Million Dollars ($3,000,000) for both bodily injury and property damage and Five Million Dollars ($5,000,000) aggregate coverage).

14.1.2 Building improvements and betterments insurance with at least Thirty-Five Thousand Dollars ($35,000) in special form coverage at full replacement cost, with no coinsurance.

14.1.3 Business personal property insurance with at least at least Eight Thousand Dollars ($8,000) in special form coverage at full replacement cost, with no coinsurance.

14.1.4 Business income insurance coverage sufficient to cover at least twelve (12) months of continuing royalty payments to us.

14.1.5 Business automobile liability insurance including bodily injury and property damage coverage for all owned, non-owned, and hired vehicles, with limits of liability not less than and One Million Dollars ($1,000,000) per occurrence for both bodily injury and property damage. Such policy must include contractual liability coverage.

14.1.6 Stop Gap or Employer Liability insurance, with at least One Million Dollars ($1,000,000) in coverage for each Accident, and One Million Dollars ($1,000,000) in the policy limit, unless such coverage is not available under the laws and regulations of the state in which your Franchised Business is located.

14.1.7 Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least and Five Thousand Dollars ($5,000) for each person, as well as such additional workers' compensation and disability benefits type insurance as may be required by statute or rule of the state in which the Franchised Business is located. Such policy must contain an "Alternate Employer Endorsement" for any leased employees that may exist.

14.1.8 Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages (comprehensive general liability, business auto liability, employers liability and liquor liability) to not less than One Million ($1,000,000) total limit of liability. Such umbrella liability will provide at a minimum those coverages and endorsements required in the underlying policies.

14.1.9 Property insurance providing coverage for direct physical loss or damage to real and personal property for all-risk perils, including the perils of flood, and earthquake. Appropriate coverage must also be provided for boiler and machinery exposures and business interruption/extra expense exposures. The policy or policies must value property (real and personal) on a new replacement cost basis without deduction for depreciation and the amount of insurance must not be less than ninety percent (90%) of the full replacement value of the Franchised Business, its furniture, fixtures, equipment, and stock (real and personal property). Any deductibles contained in such policy must be subject to our review and approval.

14.2 Endorsements. All policies listed in Section 14.1 above (unless otherwise noted below) must contain the endorsements that we may periodically require (whether those requirements are described in the Manual or otherwise in writing).

14.3 Notices to Us. In the event of cancellation, material change, or non-renewal of any policy, you must provide us with sixty (60) days' advance written notice in the manner provided in Section 23 below.

14.4 Construction Coverages. In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the term hereof, you will cause the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Manual, all written by insurance or bonding companies satisfactory to us, having a current A.M. Best's rating of at least A-VII.

14.5 Other Insurance Does Not Impact Your Obligation. Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance which we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.3 of this Agreement.

14.6 Additional Named Insured. All public liability and property damage policies must list us as the Grantor of Franchise Additional Insured, and must also contain a provision that we, although named as an insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of your negligence or that or your servants, agents, or employees.

14.7 Certificates of Insurance. At least thirty (30) days prior to the time any insurance is first required to be carried by you, and thereafter at least thirty (30) days prior to the expiration of any such policy, you must deliver to us, certificates of insurance evidencing the proper coverage with limits not less than those required hereunder. All certificates will expressly provide that no less than sixty (60) days' prior written notice must be given us in the event of material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Further certificates evidencing the insurance required by Section 14.1 above must name us, and each of our affiliates, directors, agents, and employees as additional insureds, and must expressly provide that any interest of same therein will not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

14.8 Proof of Coverage. If you do not obtain or maintain the coverage required under this Section 14, then we will have the right (but not the obligation) to pay any premium or obtain the required coverage on your behalf and charge you back for those premiums. You must reimburse us for such expenditures within thirty (30) days of our written request.

14.9 Coverages are Minimums. You acknowledge and agree that the specifications and coverage requirements in this Section 14 are minimums, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.

14.10 Changes. We may, from time to time, and in our sole discretion, make such changes in minimum policy limits and endorsements as we may determine; provided, however, all changes will apply to all of our franchisees who are similarly situated.

15 TECHNOLOGY.

15.1 Computer Systems and Required Software.

15.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Studios, and in accordance with our standards, including without limitation: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems, for use at Studios, between or among Studios, and between and among the Franchised Business, and you, and us; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) internet access mode (e.g., form of telecommunications connection) and speed; and (f) our back-of-the-house on-line management system (collectively, all of the above are referred to as the "**Computer System**").

15.1.2 We will have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("**Required Software**"), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which such you must record data; and (d) the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so.

15.1.3 You must install and use the Computer System and Required Software.

15.1.4 You must enter into appropriate agreements with vendors of the Computer System and Required Software, and pay those vendors according to the terms of those arrangements.

15.1.5 You must implement and periodically make upgrades and other changes to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**").

15.1.6 You must comply with all specifications we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You must also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times we request.

15.2 Data. All data you collect, create, provide, or otherwise develop on your Computer System, whether or not uploaded to our system from your system, and/or downloaded from your system to our system, is and will be owned exclusively by us, and we will have the right to access, download, and use such data in any manner that we deem appropriate without compensation to you. In addition, all other data you create or collect in connection with the System, or in connection with your operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by us during the term of, and following termination or expiration of, this Agreement.

15.2.1 You agree to transfer to us all data that we do not automatically collect upon our request.

15.2.2 We hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and solely for your use in connection with operating the Franchised Business under the System. You acknowledge and agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.

15.2.3 Upon termination, expiration, and/or transfer of this Agreement and/or the Franchised Business, you agree to provide us with all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request.

15.3 Data Requirements and Usage. We may periodically specify in the Manual or otherwise in writing the information that you must collect and maintain on the Computer System installed at the Franchised Business, and you must provide us with such reports as we may reasonably request from the data so collected and maintained. All data pertaining to or derived from the Franchised Business (including without limitation data pertaining to or otherwise about Franchised Business customers) is and will be our exclusive property, and we hereby grant a royalty-free non-exclusive license to you to use such data during the term of this Agreement.

15.3.1 You must abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("**Privacy Laws**").

15.3.2 You must comply with our standards and policies pertaining to the privacy of consumer, employee, and transactional information. If there is a conflict between our standards and policies and Privacy Laws, you must: (a) comply with the requirements of Privacy Laws; (b) immediately give us written notice of such conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.

15.3.3 You must not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.

15.4 Extranet. You must comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and any Extranet that we designate and/or such other computer systems as we may reasonably require. We reserve the right to use any technology that we believe is appropriate (including but not limited to an online application instead of a private extranet). The term "**Extranet**" means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet.

15.5 Participation in the Extranet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). If we establish an Extranet, then you must comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of your Franchised Business. The Extranet may include, without limitation, the Manual, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You must purchase and maintain such computer software and hardware (including but not limited to telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

15.6 No Separate Online Sites. Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish an Online Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Online Site. The term "**Online Site**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, the Internet, World Wide Web, webpages, microsites, social media sites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Google Plus, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g., iPhone, iPad or Android apps), and other applications, etc. However, if we give you our prior written consent to have a separate Online Site (which we are neither obligated to provide nor are we obligated not to rescind, even if given), then each of the following provisions will apply to any Online Site:

15.6.1 You must not establish or use any Online Site without our prior written approval.

15.6.2 Any Online Site owned or maintained by or for your benefit will be deemed "marketing" under this Agreement, and will be subject to (among other things) our approval under Section 13.8 above.

15.6.3 Before establishing any Online Site, you must submit to us, for our prior written approval, a sample of the proposed Online Site domain name, format, visible content (including, without limitation, proposed screen shots, links, and other content), and non-visible content (including, without limitation, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require. We reserve the right not to approve your use of certain types of Online Sites (for example, mobile apps) or certain channels (for example, Snapchat).

15.6.4 You may not use or modify such Online Site without our prior written approval as to such proposed use or modification.

15.6.5 In addition to any other applicable requirements, you must comply with the standards and specifications for Online Sites that we may periodically prescribe in the Manual or otherwise in writing (including, but not limited to, requirements pertaining to designating us as the sole administrator or co-administrator of the Online Site).

15.6.6 If we require, you must establish such hyperlinks to our Online Site and others as we may request in writing.

15.6.7 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

15.7 Electronic Identifiers; E-Mail. You must not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you and/or your business in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic media without first obtaining our written consent as to: (a) the content of such electronic advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, but not limited to, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003") and the Federal Telephone Consumer Protection Act. (As used in this Agreement, the term "**electronic communication**" is agreed to include all methods for sending communication electronically, whether or not currently invented or used, including without limitation e-mails, text messages, and faxes.)

15.8 Telephone Service. We have the right to require you to use one or more designated telephone vendors. If we so require, you agree to use our designated telephone vendor(s) for the phone service to you Studio, and that we may designate, and own, the telephone numbers for your Franchised Business, and you must pay the fees and charges applicable to the phone services provided to your Franchised Business. You also agree to sign the power of attorney with respect to your telephone service and telephone numbers that is attached as Exhibit H.

15.9 Outsourcing. You may not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor's agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You must not install, or remove any software from, the Computer System without our prior written consent.

15.10 Changes. You acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards we establish as if this Section 15 were periodically revised by us for that purpose.

15.11 Electronic Communication – Including E-Mail, Fax, and Texts. You acknowledge and agree that exchanging information with us by electronic media is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of e-mail and faxes for communicating as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated hereunder) (together, "**Official Senders**") to you during the term of this Agreement.

15.11.1 In order to implement the terms of this Section 15.11, you agree that: (a) Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; (b) you will cause your officers, directors, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons shall not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and (c) you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

15.11.2 The consent given in this Section 15.11 shall not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

15.11.3 We may permit or require you (and your employees) to use a "StudioBarre" e-mail address (that is, one that will contain a Top Level Domain Name that we designate, such as jane.smith@StudioBarre.com or "john.jones@StudioBarrefranchisee.com) (the "**Studio Barre e-mail address**") in connection with the operation of the Franchised Business. We may require that you (as well as your employees) sign an agreement or authorization letter reflecting the terms upon which you (or they) may use a Studio Barre E-Mail Address.

16 TRANSFER OF INTEREST.

16.1 By Us. We will have the right to transfer or assign this Agreement and all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of ours will be solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 Your Principals. If you are an entity (whether a corporation, LLC, partnership, or otherwise) each of your principals ("**Principal**"), and the interest of each Principal in you, is identified in Exhibit D to this Agreement. We may in our sole discretion designate any person or entity which owns a direct or indirect interest in Franchisee as a Principal, and Exhibit D will be so amended automatically upon notice thereof to you.

16.3 Principals. We will have a continuing right to designate as a Principal any person or entity which owns a direct or indirect interest in Franchisee.

16.4 By You. You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your or your Principals' business skill, financial capacity, and personal character. Accordingly:

16.4.1 You must not, without our prior written consent, transfer, pledge, encumber, or in any manner whatsoever assign (and/or permit any other party to do so): (a) your rights and/or obligations under this Agreement; (b) any material asset of you and/or the Franchised Business; and/or (c) any direct or indirect (and/or beneficial) ownership interest in you (if you are an entity).

16.4.2 If you are a corporation, LLC, or other form of entity (other than a partnership), you must not, without our prior written consent, issue any voting securities, securities convertible into voting securities, membership interest, and/or other equity interest, and the recipient of any such securities and/or interest will become a Principal under this Agreement, if we so designate.

16.4.3 If you are a partnership, the partners of the partnership must provide us with at least thirty (30) days' prior written notice of any intent to, and you must not, without our prior written consent, admit additional partners, remove a partner, or otherwise materially alter the powers of any partner. Each general partner will automatically be deemed a Franchisee Principal.

16.4.4 A Principal must not, without our prior written consent, transfer, pledge or otherwise encumber any interest of the Principal in Franchisee as shown in Exhibit D.

16.4.5 You acknowledge and agree that any transfer, pledge or other encumbrance by you which does not have our prior written approval will be deemed null and void.

16.4.6 You also acknowledge and agree that in order to streamline our review and approval of proposed buyers, and to avoid circumstances in which a potential transaction proceeds too far ahead before we are given an opportunity to review and consider the qualifications of a potential buyer, that you will: (a) provide us with information about a prospective buyer at the earliest possible date that you consider an individual or an entity to be a prospective transferee; (b) cooperate with us in obtaining the information that we need in order to review and consider the qualifications of a prospective transferee; and (c) provide us with a copy of the purchase agreement with the buyer.

16.5 Transfer Conditions. We will not unreasonably withhold any consent required by Section 16.4 above; provided, if you propose to transfer your obligations hereunder, or any material asset, or if a Principal proposes to transfer any direct or indirect interest in Franchisee, we will have right to require any or all of the following as conditions of our approval:

16.5.1 If we request, you, at your expense, must upgrade the Franchised Business to conform to the then-current standards and specifications for new Studios then-being established in the System (including, without limitation, installing at the Franchised Business the then-current exercise equipment, computers and other equipment that we may specify), and complete the upgrading and other requirements within the time we specify;

16.5.2 You, the transferor, and any other persons we designate, will have executed and delivered to us a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, members, managers, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us or our affiliates, and federal, state, and local laws and rules;

16.5.3 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal will enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in Franchisee; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us;

16.5.4 The transferee(s) of a Principal must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience and behavior or otherwise; must not own, operate or have an interest in a Competitive Business (defined below); and have adequate financial resources and capital to operate the Franchised Business;

16.5.5 If a proposed transfer would result in a change in control of Franchisee, then we will have the right to require that you execute and deliver to us, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements we require for the business franchised hereunder, which agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty and advertising fee;

16.5.6 The transferor will remain liable for all of the obligations to us in connection with the Franchised Business that arose prior to the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute and deliver to us any and all instruments we may reasonably request to evidence such liability;

16.5.7 At your or the transferee's expense, at least one Principal of the transferee we designate must successfully complete all training programs we require, upon such terms and conditions as we may reasonably require;

16.5.8 You must pay a transfer fee of Eight Thousand Five Hundred Dollars ($8,500) or twenty-five percent (25%) of our then-current initial franchise fee (whichever is more) for our legal, accounting, training, and other expenses incurred in connection with the transfer.

16.5.9 We will have the right to communicate with the proposed buyer (and its counsel) and to: truthfully answer their questions about our System, our company, and your operations; exchange information; and seek information from the buyer about their qualifications and characteristics. The proposed transferor(s) and the proposed buyer(s) must cooperate with us in this regard.

16.5.10 If you and/or the transferee is represented by counsel, our counsel must have permission to communicate with such counsel, and you and the transferee and, if applicable, your counsel, must cooperate with us and our counsel in connection with the proposed transfer.

16.5.11 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Section 16.2 and Section 16.3 of this Agreement.

16.6 Right of First Refusal.

16.6.1 If you or any Principal wishes to accept a *bona fide* offer from any party to purchase Franchisee, any material assets of Franchisee, or any direct or indirect interest in Franchisee, you or such Principal must promptly notify us of such offer and provide such information and documentation relating to the offer as we may require. We will have the right and option, exercisable within forty-five (45) days after receipt of all such information, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. If we elect to purchase the seller's interest, the closing on such purchase must occur within forty-five (45) days from the date of notice to the seller of our election to purchase.

16.6.2 Any material change in the terms of the offer prior to closing will constitute a new offer subject to our same right of first refusal as in the case of the third party's initial offer.

16.6.3 If we do not exercise the option afforded by this Section 16.6, that: (a) will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer; and (b) will not waive the application of Section 16.6.2 above as to any change in the offer thereafter made.

16.6.4 If the consideration, terms, and/or conditions offered by a third party are unique or such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash (simply as an example, this clause would apply if the consideration is a unique item such as a particular parcel of real estate). If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you must promptly designate another independent appraiser, which two appraisers will, in turn, promptly designate a third appraiser. All three appraisers will promptly confer and reach a single determination, which determination will be binding upon us and you. The cost of any such appraisal will be shared equally by us and you. If we elect to exercise our right under this Section 16.6, we will have the right to set off all amounts due from you, and one-half (½) of the cost of the appraisal, if any, against any payment to the seller.

16.7 Death or Incapacity. If you or any Principal dies or becomes incapacitated, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer, so long as you reimburse us for any out-of-pocket expenses that we incur in reviewing and/or documenting a transfer under this Section 16.7).

16.7.1 In addition, if the deceased or incapacitated person is the Designated Principal, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.

16.7.2 For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: (a) for a period of thirty (30) or more consecutive days;

or (b) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.

16.7.3 If an interest is not disposed of under this Section 16.7 within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2.

16.8 Consent to Transfer. Our consent to a transfer which is the subject of this Section 16 will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9 No Transfers to a Non-Franchisee Party to Operate a Similar Business. You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a Competitive Business (as defined in Section 19.2.2 below) at the Approved Location but not under a franchise agreement with us.

16.10 Bankruptcy Issues. If you or any person holding any interest (direct or indirect) in Franchisee becomes a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, it is the parties' understanding and agreement that any transfer of Franchisee, your obligations and/or rights hereunder, any material assets of Franchisee, or any indirect or direct interest in Franchisee will be subject to all of the terms of this Section 16, including, without limitation, the terms of Sections 16.4, 16.5, and 16.6.

16.11 Securities Offers. All materials for an offering of stock, ownership and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.

16.11.1 You agree that: (a) no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; and (b) our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and (c) we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Studio Barre Parties (as defined in Section 21.5.2 below) in connection with the offering

16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Five Thousand Dollars ($5,000) (or such greater amount as is necessary to reimburse us for our reasonable costs and expenses) (including legal and accounting fees) for reviewing the proposed offering.

16.11.4 You agree to give us written notice at least thirty (30) days before the date that any offering or other transaction described in this Section 16.11 commences. Any such offering will be subject to all of the other provisions of this Section 16, including, without limitation, the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

16.11.5 You must also, for the remainder of the term of the Agreement, submit to us for our review and prior written approval all additional securities documents you are required to prepare and file (or use) in connection with any offering of stock, ownership, and/or partnership interests. You must reimburse us for our reasonable costs and expenses we incur in connection with our review of those materials.

17 DEFAULT AND TERMINATION.

17.1 Automatic. You will be deemed to be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you, if you become insolvent or make a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; or if you are adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed); or if you are dissolved; or if execution is levied against your business or property; or if suit to foreclose any lien or mortgage against the Franchised Business is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 With Notice. You will be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default, effective immediately upon our delivery of written notice to you (in the manner set forth under Section 23 below), upon the occurrence of any of the following events:

17.2.1 If you fail to secure an Approved Location as provided in Section 5.1 of this Agreement and the Site Selection Addendum, and to develop and open the Franchised Business within the time limits as provided in Section 5.7 of this Agreement, and within the requirements otherwise set forth in Section 5 of the Agreement;

17.2.2 If you at any time cease to operate or otherwise abandon the Franchised Business, or lose the right to possession of the Approved Location, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that: (a) if, through no fault of your own, the premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within ninety (90) days thereafter, then you will have thirty (30) days after such event in which to apply for our approval to relocate and/or reconstruct the premises for your Franchised Business, which approval will not be unreasonably withheld; and/or (b) you will not be deemed to be in default of this clause with respect to seasonal closures that we have approved in writing;

17.2.3 If you or any Principal is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated with the Proprietary Marks, or our interest in the Proprietary Marks;

17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business;

17.2.5 If you or any Principal purports to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 of this Agreement;

17.2.6 If you fail to comply with the covenants in Section 19.3 below or fail to obtain execution of the covenants required under Section 19.8 below;

17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Manual or other confidential information we provide to you;

17.2.8 If an approved transfer of an interest in Franchisee is not effected within a reasonable time, as required by Section 16.7 above;

17.2.9 If you knowingly maintain false books or records, or submit any false reports (including, but not limited to, information provided as part of your application for this franchise) to us;

17.2.10 If you are in default of this Agreement, or any other contract between you (and your affiliates) and us (or our affiliates) in connection with the development or operation of the Franchised Business, or any other Studios you operate under the System, and, after written notice to you of such default(s), you fail to cure such default(s) within the time period (if any) provided in such contracts (e.g., in Section 17.3 below);

17.2.11 If you, after curing a default pursuant to this Section 17, commit the same default again within a twelve (12) month period of the previous default, whether or not cured after notice; or

17.2.12 If an inspection discloses that you understated your sales, in any report to us, by five percent (5%) or more.

17.2.13 If you repeatedly are in default under this Section 17 for failure substantially to comply with any of the requirements imposed by this Agreement, whether or not cured after notice.

17.3 With Notice and Opportunity to Cure. Except as otherwise provided in Sections 17.1 and 17.2 of this Agreement, upon any other default by you, we may terminate this Agreement only by giving written notice of termination (in the manner set forth under Section 23 below) stating the nature of such default to you at least thirty (30) days prior to the effective date of termination; provided, however, that you may avoid termination by immediately initiating a remedy to cure such default, curing it to our satisfaction, and by promptly providing proof thereof to us within the thirty-day period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement will terminate without further notice to you, effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require.

17.4 Our Rights Instead of Termination. If we are entitled to terminate this Agreement in accordance with Sections 17.1, 17.2, and/or 17.3 above, then we will also have the right to take any lesser action instead of terminating this Agreement, including but not limited to terminating, modifying, or eliminating completely, the Protected Territory described in Section 1.3 above.

17.5 Reservation of Rights under Section 17.4. If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.4 above, such action will be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.6 Damages. You agree to pay us all damages, costs, and expenses (including, but not limited to, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).

18 OBLIGATIONS UPON TERMINATION OR EXPIRATION.

Upon termination or expiration of this Agreement, all rights granted to you under this Agreement will immediately terminate, and you (and your Principals and employees) agree to immediately comply with all of the following:

18.1 Cease Operation. You must immediately cease to operate the business franchised under this Agreement, and will not thereafter, directly or indirectly, represent to the public or hold yourself out as our present or former franchisee. You must immediately stop selling services or products at the Franchised Business.

18.2 Stop Using Marks and Intellectual Property. You must immediately and permanently cease to use, in any manner whatsoever, any and all aspects of the Programs, Program Materials and any other confidential methods, procedures and techniques associated with the System, the Proprietary Mark "Studio Barre," and all other Proprietary Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you must cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, and any other articles which display the Proprietary Marks.

18.3 Return Confidential Information. You must immediately deliver to us the Program Materials, the Manual, and all other manuals, records, and instructions in your possession or control that contain confidential information and Customer Data or that bear the Proprietary Marks (including without limitation any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property. You agree not to retain any unauthorized copies of these materials.

18.4 Cancel Assumed Names. You must take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Mark "Studio Barre" or any of our other service marks or trademarks, and you must furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.5 Premises. You must, at our option, assign to us any interest which you have in the lease or sublease for ground upon which the Franchised Business is operated and/or for the building in which the Franchised Business is operated.

18.5.1 If we do not elect (or if we are unable to exercise any option we may have) to acquire the lease or sublease for the premises of the Franchised Business, or otherwise acquire the right to occupy the premises, then you agree to make such modifications or alterations to the premises operated under this Agreement (including, without limitation, changing the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Studios, and will make such specific additional changes thereto as we may reasonably request for that purpose.

18.5.2 You agree to stop making any use of all signs (including but not limited to exterior directory signs at or near the Approved Location, in a mall directory, or otherwise), telephone numbers, domain names, websites, e-mail addresses, Online Sites, and any other print and electronic identifiers, whether or not we have authorized them, that you have used while operating the Franchised Business. You also agree to promptly execute such documents as we may provide to you, and to take such steps necessary to remove reference to the Franchised Business from all trade or business telephone directories, including electronic directories, and also transfer to us all telephone numbers associated with your Franchised Business.

18.5.3 You agree to remove and put into storage all interior and exterior "Studio Barre" signs (unless we request otherwise), which you agree to sell to us (at our option) for the amount of Ten Dollars ($10) each. You agree that we have the right to file a mechanics lien upon the signs if you do not comply with the terms of this Section 18.5.3.

18.5.4 If you fail or refuse to comply with all of the requirements of this Section 18.5, then we (or our designee) will have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.

18.6 Pay All Sums Due. You must promptly pay all sums owing to us and our subsidiaries and affiliates. In the event of termination for your default, such sums will include all damages, costs, and expenses, including reasonable attorneys' fees, we incur as a result of the default.

18.7 No Use of the Marks in Other Businesses. You agree, if you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks, and further agree not to utilize any designation of origin, description, trademark, service mark, or representation which suggests or represents a present or past association or connection with us, the System, or the Proprietary Marks.

18.8 Our Option to Buy Your Assets. We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this Agreement (and/or default under your lease/sublease for the premises of your Studio) to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, at the lesser of your cost or fair market value, and free of any liens, encumbrances, and/or other interests that may apply to any such assets. The parties agree that "cost" will be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value will be deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section 18.8, we will have the right to set off all amounts due from you.

18.9 Right to Enter and Continue Operations. In order to preserve the goodwill of the System following termination, we (or our designee) will have the right to enter the Franchised Business (without liability to you, your Principals, or otherwise) for the purpose continuing the Franchised Business's operation and maintaining the goodwill of the business.

18.10 Pay Damages. You must pay us all damages, costs, and expenses, including reasonable attorneys' fees, we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18.

18.11 Our Rights. You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.

19 COVENANTS.

19.1 Full Time Efforts. You agree that throughout the term of this Agreement, except as we have otherwise approved in writing, you (or one of your designated management employees who will assume primary responsibility for the franchise operations and who we have previously approved in writing) must devote full time, energy, and best efforts to the management and operation of the business franchised hereunder.

19.2 Understandings.

19.2.1 You acknowledge and agree that: (a) pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (b) the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; (c) in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; (d) we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our system if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and (e) restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

19.2.2 As used in this Section 19, the term "**Competitive Business**" is agreed to mean any business that offers fitness studio services.

19.3 Covenant Not to Compete or Engage in Injurious Conduct. Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

19.3.1 Divert or attempt to divert any actual or potential business or customer of any Studio to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.

19.3.2 Solicit any person who is (or has been within the prior year) a customer or a prospective customer of the Studio (or any other Studio) with respect to (or on behalf of) a Competitive Business.

19.3.3 Own, maintain, develop, operate, engage in, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.

19.4 Where Restrictions Apply. During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions will apply only within eight (8) miles of the Approved Location and also within eight (8) miles of any then-existing Studio Barre Studio, except as we may otherwise approve in writing. These restrictions will not apply to Studios that you (or your affiliates) operate that we (or our affiliates) have franchised to you pursuant to a valid franchise agreement.

19.5 Application to Transfers. You further covenant and agree that, for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease or transfer the Approved Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Approved Location. You, by the terms of any conveyance selling, assigning, leasing or transferring your interest in the Approved Location, must include these restrictive covenants as are necessary to ensure that a Competitive Business that would violate this Section is not operated at the Approved Location for this two-year period, and you must take all steps necessary to ensure that these restrictive covenants become a matter of public record.

19.6 Periods of Non-Compliance. If, at any time during the two-year period following expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you fail to comply with your obligations under this Section 19, then that period of noncompliance will not be credited toward your satisfaction of the two-year obligation specified above.

19.7 Publicly-Held Entities. Section 19.3 above will not apply to ownership by you of less than one percent (1%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term "**publicly-held corporation**" will be deemed to refer to a corporation which has securities that have been registered under the federal Securities Exchange Act of 1934.

19.8 Personal Covenants. You must require and obtain execution of covenants similar to those set forth in Sections 9.3.3, 11, 16, 18, and this Section 19 (as modified to apply to an individual) from any or all of the following persons: the Franchised Business' general managers, supervisors, Principals, and Master Teacher Trainers. Every covenant required by this Section 19.8 must be in a form satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 19.8 will constitute a default under Section 17.2.6 above.

19.9 Construction. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 19 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 19.

19.10 Claims Not a Defense. You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all damages, costs, and expenses (including but not limited to reasonable attorneys' fees) we incur in connection with the enforcement of this Section 19.

19.11 Covenant as to Anti-Terrorism Laws. You and the owners of your business ("**Owners**") agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are "blocked" under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or in any way relating to terrorist acts and/or acts of war.

19.12 Defaults. You acknowledge that your violation of the terms of this Section 19 would result in irreparable injury to us for which no adequate remedy at law may be available, and you accordingly consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

20 TAXES, PERMITS, AND INDEBTEDNESS.

20.1 Payment of Taxes. You agree to promptly pay when due all taxes levied or assessed, including, without limitation, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax (other than income tax) imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.

20.2 Payment of Trade Creditors. You agree to promptly pay when due all trade creditors, lenders, and vendors (including but not limited to any that are affiliated with us, and your landlord) that supply goods, services, leases and/or financing to you and/or the Franchised Business. You also agree to promptly pay us for any expenditures or payments we choose (or are required) to make to trade creditors, lenders, or vendors on your behalf to pay for obligations that you incurred in connection with the Franchised Business (for example, products and/or services that you ordered but did not pay for).

20.3 Your Right to Contest Liabilities. If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.

20.4 Compliance with Law. You agree to comply with all federal, state, and local laws, rules, and regulations, and must timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the business franchised under this Agreement, including, without limitation, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any such laws are in conflict with the terms of this Agreement, the Manual, or our other instructions, you agree to: (a) comply with said laws;

(b) immediately provide us with written notice describing the nature of the conflict; and (c) cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.

20.5 Notice of Violations and Actions. You agree to notify us in writing within five (5) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within five (5) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

21.1 Independent Contractor Relationship. The parties acknowledge and agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

21.1.2 you will be an independent contractor;

21.1.3 you are the only party that is in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, processes, or requirements under which you operate alter that basic fact;

21.1.4 nothing in this Agreement is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and

21.1.5 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

21.2 Notice of Status. At all times during the term of this Agreement and any extensions hereof, you will hold yourself out to the public as an independent contractor operating the business pursuant to a franchise from us. You agree to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Approved Location, the content of which we reserve the right to specify.

21.3 No Contracts in our Name. It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

21.4 Indemnification. You agree to indemnify and hold harmless each of the Studio Barre Parties against any and all Damages that arise directly or indirectly from any Asserted Claim and/or from your breach of this Agreement. Your indemnity obligations will survive the expiration or termination of this Agreement, and will not be affected by the presence of any applicable insurance policies and coverages that we may maintain. We indemnify you with respect to the Proprietary Marks as provided in Section 9.2.10 above.

21.5 Definitions. As used in Section 21.4 above, the parties agree that the following terms will have the following meanings:

21.5.1 "**Asserted Claim**" means any allegation, claim or complaint that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including, but not limited to, any claim associated with your operation of the Franchised Business or otherwise), or any default by you under this Agreement, notwithstanding any claim that any Studio Barre Party was or may have been negligent.

21.5.2 "**Studio Barre Parties**" means us, our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, shareholders, members, managers, employees, and agents.

21.5.3 "**Damages**" means all claims, demands, causes of action, suits, damages, liabilities, fines, penalties, assessments, judgments, losses, and expenses (including without limitation expenses, costs and lawyers' fees incurred for any indemnified party's primary defense or for enforcement of its indemnification rights).

22 APPROVALS AND WAIVERS.

22.1 Request for Approval. Whenever this Agreement requires our prior approval or consent, agree to make a timely written request to us therefor, and such approval or consent must be obtained in writing. In any instance in which we do not give our consent in writing, we will be deemed to have denied the request.

22.2 No Warranties or Guarantees. You acknowledge and agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

22.3 No Waivers. No delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you. If we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement. No course of dealings or course of conduct will be effective to amend, modify, or waive any of the terms of this Agreement.

23 NOTICES.

Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by registered mail, or by other means which affords the sender evidence of delivery, or of rejected delivery, to the respective parties at the addresses shown on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Any notice by a means which affords the sender evidence of delivery, or rejected delivery, will be deemed to have been given at the earliest to occur of: ***(a)*** the date and time of receipt or rejected delivery; provided that for notices that cannot be delivered to you at your official address (*e.g.*, if you moved and did not notify us of your new address), delivery will be deemed to have been given two (2) days after the attempted delivery; ***(b)*** two (2) days after being delivered by the sender, pre-paid, to a reputable overnight delivery service (such as FedEx, UPS, or the USPS); and ***(c)*** three (3) days after being delivered, postage pre-paid, to the US Postal Service. The Manual, any changes that we make to the Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be notices for the purpose of the delivery requirements in this Section 23.

24 ENTIRE AGREEMENT AND AMENDMENT.

24.1 Entire Agreement. This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements. The parties confirm that: ***(a)*** they were not induced by (nor did they rely upon) any other representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and ***(b)*** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Agreement is intended as, nor shall it be interpreted to be, a disclaimer by us of any representation made in our Franchise Disclosure Document ("FDD"), including the exhibits and any amendments to the FDD.

24.2 Amendment. Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

25 SEVERABILITY AND CONSTRUCTION.

25.1 Introductory Paragraphs. The parties agree that the introductory paragraphs of this Agreement, under the heading "Background," are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here.

25.2 Severability. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable. If for any reason, any section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this Agreement; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

25.3 No Third Party Rights. Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16 above, any rights or remedies under or by reason of this Agreement.

25.4 Captions Don't Amend Terms. All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.

25.5 Survival. All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.

25.6 How We Exercise Our Rights. Although we may exercise any of our rights, carry out any of our obligations, or otherwise discharge any of our duties under this Agreement directly, through the use of employees, independent contractors, professional advisors (for example, a lawyer or a CPA), or otherwise, we will still remain responsible for the proper performance of our obligations to you under this Agreement.

25.7 Expenses. Each party will bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

25.8 Counterparts. This Agreement may be signed in counterparts, and signature pages may be exchanged by fax, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

25.9 Multiple Individuals as the Franchisee. As you know, we (the Franchisor) recommend and prefer that you (the Franchisee) form a business entity (such as a corporation or a limited liability company), in which each of your owners will hold an ownership interest, to become the Franchisee under this Agreement. However, if you choose to enter into this Agreement as individuals in your personal capacities, we will honor your request, based on the following understandings.

25.9.1 You agree that we may rely on any of the signatories to this Agreement to act and/or speak on your behalf.

25.9.2 You agree that no one will direct us to take any action that is inconsistent with the interest of the other owners.

25.9.3 You agree that we have the right (but not the obligation) to require each signatory to provide written consent to (or confirmation of) any instruction that comes from only one of you, and that in such circumstances, we have the right not to act until we have received that countersigned consent or confirmation.

25.9.4 You understand and agree that we cannot be, and are not in any manner whatsoever, responsible for the consequences of any difference of opinion that may occur between you and your owners as to the operation and management of your franchised Studio.

26 APPLICABLE LAW AND DISPUTE RESOLUTION.

26.1 Choice of Law. This Agreement takes effect only if and when all of the parties have signed this document, and will be interpreted and construed under the laws of the State of California; except for Section 19 of this Agreement (the parties agree that the covenants in Section 19 of this Agreement will be interpreted and construed under the laws of the state in which the Franchised Business is located). Nothing in this Section 26.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of California to which this Agreement would not otherwise be subject.

26.2 Choice of Venue. Subject to Section 26.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within such state and in the judicial district in which we have our principal place of business. Any action brought by us against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business.

26.2.1 The parties agree that this Section 26.2 will not be construed as preventing a party from removing an action from state to federal court; provided, however, that venue will be as specified above.

26.2.2 The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

26.2.3 Any such action must be conducted on an individual basis, and not as part of a consolidated, common, or class action.

26.3 Mediation. Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 26.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS (formerly known as the "Judicial Arbitration and Mediation Services, Inc.") at its location nearest to our principal place of business. However, this Section 26.3 will not bar us from obtaining injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions, without having to engage in mediation.

26.4 Parties Rights are Cumulative. No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy provided under this Agreement or provided or permitted under law or equity; rather, each remedy will be cumulative of every other right or remedy.

26.5 Injunctions. Nothing in this Agreement shall bar our right to obtain injunctive relief against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we will not be required to obtain or post a performance bond or other security in connection with seeking such injunctive relief, and you also agree not to claim otherwise in any filing with a court.

26.6 Waiver of Jury Trials. Each party to this Agreement irrevocably waives trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.

26.7 **Must Bring Claims Within One Year. Any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, or your operation of the Franchised Business, brought by any party hereto against the other, must be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action will be barred; provided, however, that the parties agree that this Section 26.7 will not apply to a claim by either party seeking indemnification under this Agreement.**

26.8 **Waiver of Punitive Damages. Each party to this Agreement waives to the fullest extent permitted by law any right to or claims of any punitive or exemplary damages against the other, and agrees that in the event of a dispute between them each will be limited to the recovery of any actual damages it has sustained.**

26.9 Payment of Legal Fees. You agree to pay us all damages, costs and expenses (including without limitation reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur after the termination or expiration of the franchise granted under this Agreement in: ***(a)*** obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including without limitation Sections 9 and 17 above); and/or ***(b)*** successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

27 ACKNOWLEDGMENTS.

27.1 Your Investigation of the Business Possibilities. You acknowledge that you have conducted an independent investigation of the business franchised under this Agreement, recognize that this business venture involves business risks, and that your success will be largely dependent upon your ability (or, if you are an entity, your owners as independent businesspersons).

27.2 Our Advice. You acknowledge and agree that our advice is simply advice; that our advice is not a guarantee of success; and that you are the party that must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.

27.3 No Warranties or Guarantees. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. You acknowledge, agree, and confirm that except for any information disclosed in Item 19 of our FDD, we did not provide you (or your representatives) with data on the historic performance of Studios nor did we give you (or your representatives) data to predict the potential performance of your Franchised Business.

27.4 Receipt of FDD and Complete Agreement. You acknowledge receipt of a copy of this Agreement, the exhibit(s), and agreements relating to this Agreement (if any), with all of the blank lines filled in, with ample time within which to review with applicable advisors. You also acknowledge that you received the FDD at least fourteen (14) calendar days before the date on which this Agreement was executed, or as otherwise provided under applicable state law.

27.5 You Have Read the Agreement. You acknowledge and agree that you have read and understood the FDD, this Agreement, and the exhibits to this Agreement.

27.6 Your Advisors. You acknowledge that we have recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement, and that you have had sufficient time and opportunity to consult with those advisors.

27.7 No Conflicting Obligations. Each party represents and warrants to the others that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict such party from: ***(a)*** negotiating and entering into this Agreement; ***(b)*** exercising its rights under this Agreement; and/or ***(c)*** fulfilling its responsibilities under this Agreement.

27.8 Your Responsibility for the Choice of the Approved Location. You acknowledge that you have sole and complete responsibility for the choice of the Approved Location; that we have not (and will not be deemed to have, even by our approval of the site that is the Approved Location) given any representation, promise, or guarantee of your success at the Approved Location; and that you will be solely responsible for your own success at the Approved Location.

27.9 Your Responsibility for Operation of the Franchised Business. Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Studio, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.

27.10 Different Franchise Offerings to Others. You acknowledge and agree that we may modify the terms under which we will offer franchises to other parties in any manner and at any time, which offers and agreements have or may have terms, conditions, and obligations that may differ from the terms, conditions, and obligations in this Agreement.

27.11 Your Independence. You acknowledge and agree that:

27.11.1 you are the only party that employs your employees (even though we may provide you with advice, guidance, and training);

27.11.2 we are not the employer of any of your employees, and we will not play any role in decisions regarding their employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

27.11.3 the guidance that we provide and requirements under which you will operate are intended to promote and protect the value of the brand and the Proprietary Marks;

27.11.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including but not limited to our System and the requirements under this Agreement); and

27.11.5 you have made (and will remain responsible at all times for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including but not limited to adopting our standards as your standards), and hiring employees and employment matters employment (including but not limited to matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal) engaging professional advisors, and all other facets of your operation.

27.12 Success Depends on You. You acknowledge and agree that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated under this Agreement.

27.13 General Release. If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

*a) You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, managers, shareholders, officers, directors, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release and covenant not to sue us, our parent, subsidiaries and affiliates and their respective past and present officers, shareholders, members, managers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Franchised Cafe and the development* *and operation of all other Studios operated by any Releasor that are franchised by any Releasee.*

b) You expressly waive and relinquish all rights and benefits that you either may now have or may in the future have under and by virtue of California Civil Code Section 1542. You do so understanding the significance and consequence of such a specific waiver. (Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.") For the purpose of implementing a general release and discharge as described in this Section 27.10, you expressly acknowledge that this agreement is intended to include in its effect, without limitation, a release of all claims described in this Section 27.10, including those which the parties do not know or suspect to exist in their favor at the time of execution hereof, and that this agreement contemplates that any such claims will be permanently extinguished.

c) You expressly agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise impair or affect any claims arising after the date of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

Studio Barre Franchising LLC	______________________________
Franchisor:	*Franchisee Entity:*
By:______________________________	By:______________________________
Name:____________________________	Printed Name:______________________
Title:_____________________________	Title:_____________________________
Initial Address for Notices:	Initial Address for Notices:
Studio Barre Franchising LLC	______________________________
3141 Tiger Run Court	______________________________
Suite 103	______________________________
Carlsbad, California 92010	Fax: (__) _____-__________________
Attn: Shannon Higgins	Attn:_____________________________

Exhibit A

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT
DATA ADDENDUM

¶	Section Cross-Reference	Item
1	1.2	The Approved Location under this Agreement will be: ____________ ____ ____.
2	1.3	The Protected Territory under this Agreement will be: ____________ ____ ____.

Initials	
____________________	____________________
Franchisee	Franchisor

Exhibit B

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT
FEE SCHEDULE

#	Section of Agreement	Type of Fee	Amount (Subject to Section 4.6 of the Agreement)
1.	3.12	Additional Assistance, if needed	Two Hundred Fifty Dollars ($250) per day
2.	4.1	Initial Franchise Fee	See Section 4.1 for details
3.	4.2	Royalty Fee	See Section 4.2 for details
4.	4.5	Interest on late payments	See Section 4.5 for details
5.	6.3.2, 6.3.4, 6.5, 6.6.2, 6.6.3 and 6.6.6	Additional Training	See Sections 6.3 and 6.4 (regarding attendees of initial training) and 6.6.2, 6.6.3, and 6.6.6 (regarding ongoing training) for details
6.	6.6.1, 6.6.6 - 6.6.7	Replacement Training and on-site training	See Sections 6.6.1, 6.6.6, and 6.6.7 for details
7.	13.2	Marketing Obligations	See Section 13.2 for details
8.	13.9	Grand Opening Marketing Program expenditure	See Section 13.9 for details
9.	15.8	Phone Services Fee	See Section 15.8 for details
10.	16.11	Securities Offering Review Fee	See Section 17.11 for details
11.	16.5.8	Transfer Fee	See Section 17.5.8 for details

Initials	
____________	____________
Franchisee	Franchisor

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Studio Barre Franchising LLC ("**Franchisor**") to sign and deliver the Studio Barre Franchise Agreement between Franchisor and ____ ("**Franchisee**") dated ________________, 201___ (the "**Agreement**"), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and Franchisor's successors and assigns that all of Franchisee's monetary obligations under the Agreement, as well as any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates), will be punctually paid and performed.

Upon demand by Franchisor, each of the undersigned persons agree to immediately make each payment required of Franchisee under the Agreement and/or any other contract with Franchisor and/or its affiliates. Each of the undersigned persons waive any right to require Franchisor to: ***(a)*** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); ***(b)*** proceed against or exhaust any security from Franchisee; or ***(c)*** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).

Each of the undersigned persons agree to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor's affiliates), any amendment thereto, or any other agreement execute and delivered by Franchisee referred to therein.

Each of the undersigned persons agree to be individually bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: Section **7** (generally with respect to trademarks); Section **9** (generally with respect to confidentiality); Section **14** (generally with respect to transfers of interests in Franchisee); Section **16** (generally with respect to obligations after termination of the Agreement); and Section **17.3** (generally with respect to covenants against competition).

Each of the undersigned persons acknowledge and agree that: ***(a)*** this Guarantee does not grant the undersigned any right to use any of Franchisor's marks (including but not limited to the "Studio Barre" marks) or the system licensed to Franchisee under the Agreement; ***(b)*** that they have read, in full, and understand, all of the provisions of the Agreement that are referred to above in this paragraph, and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and ***(c)*** that they have conducted an independent investigation of the business contemplated by the Agreement, and have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

This Guarantee shall be interpreted and construed in accordance with Section **26** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee shall be interpreted and construed exclusively under the laws of the State of California, and that in the event of any conflict of law, California law will prevail (without applying California conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

______________________	______________________	______________________
(in his/her personal capacity)	(in his/her personal capacity)	(in his/her personal capacity)
Printed Name:________________	Printed Name:________________	Printed Name:________________
Date:________________	Date:________________	Date:________________
Home Address:	Home Address:	Home Address:
______________________	______________________	______________________
______________________	______________________	______________________

Exhibit D

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT
LIST OF PRINCIPALS

Name of Principal	Home Address	Interest (%)

Initials

____________________	____________________
Franchisor	**Franchisee**

Exhibit E

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT FOR PAYMENTS BY AUTOMATED CLEARING HOUSE (ACH) NETWORK (DIRECT DEBITS)

____ (Name of Person or Legal Entity)

____(ID Number)

The undersigned depositor ("**Depositor**" or "**Franchisee**") hereby authorizes Studio Barre Franchising LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below to debit or credit such account(s) pursuant to Franchisor's instructions.

Depository	Branch	
City	State	Zip Code
Bank Transit/ABA Number	Account Number	

This authorization is to remain in full and force and effect until sixty days after Franchisor has received written notification from Franchisee of its termination.

____
Depositor

By:_______________________________

Printed Name:_______________________

Title:_____________________________

Date:_____________________________

Exhibit F

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

Studio Barre Franchising LLC ("**we**" or "**us**") and ____________________________ ("**you**") have this ____ day of ____________, 201__ (the "**Effective Date**") entered into a Studio Barre Franchise Agreement ("**Franchise Agreement**") and desire to supplement its terms as set out below in this Site Selection Addendum (the "**Site Selection Addendum**"). The parties hereto agree as follows:

1. Site Standards. We will furnish you with our minimum standards for the location of a Studio. Our requirements may include standards and specifications regarding accessibility, available parking, and minimum square footage. We may vary our standards and specifications depending on factors that we determine appropriate. Except as described in this Site Selection Addendum, we are not required to provide any other assistance in selecting or securing a site.

2. Time to Locate Site, Site Selection Area and Default:

2.1. Within one hundred ten (110) days after the Effective Date (the "Search Period"), you must acquire or lease/sublease, at your expense, commercial real estate that is properly zoned for use as a "Studio Barre" business that you will operate under the Franchise Agreement (the "**Studio**") at a site that we approve as described in this Addendum.

2.2. Any sites that you propose for must be within the following area:

____

____

______ (the "**Site Selection Area**"). The Site Selection Area is described solely for the purpose of selecting a site for the Studio. We will not establish, nor franchise another to establish, a "Studio Barre" studio within the Site Selection Area until we approve a location for the Studio, or until the expiration of the Search Period, whichever event first occurs.

2.3. If you fail to identify and acquire or lease a site that we approve for the Studio within the Search Period, you will be in default under the Franchise Agreement and this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 17.2.1 of the Franchise Agreement. If we elect not to terminate this Agreement at such time, we then reserve the right to make your Site Selection Area available to others (including, without limitation, current franchisees, prospective franchisees, and/or to us or any of our affiliates) for the establishment of a "Studio Barre" studio, and your Site Selection Area will be modified to eliminate any areas that become protected territories for another "Studio Barre" studio.

3. Site Submission and Evaluation: Within forty five (45) days after the Effective Date, you must notify us of the proposed site and submit a site review report, including photographs, demographic information, and other information that we may require. We will have thirty (30)

days after receipt of all required information and materials from you to approve or disapprove the proposed site as the location for your Studio. We may, but are not obligated to, conduct on site evaluation of any proposed sites, and we will not perform any on-site review until we receive a completed site approval form for such site. If we conduct more than one (1) in-person visit for site evaluation purposes, then for the second (and any additional) in-person site evaluation, you must reimburse us for our reasonable costs of travel, lodging, wages, and meals. Until we have given our prior written approval, a site will not be "approved." If we do not approve in writing the proposed site, you must, within thirty (30) days after our disapproval of the proposed site, submit an additional site for our review and approval. We will not unreasonably withhold approval of any site that meets our standards. You may not lease or otherwise acquire the right to occupy the proposed site without our prior written approval.

4. Lease Responsibilities: You will be solely responsible for securing the site we approve as the premises of your Studio by entering into a lease for the premises (the duration of which must be the same as the initial term of the Franchise Agreement) or a binding agreement to purchase the site we have approved, and you must do so within thirty (30) days after we approve a proposed site unless we have approved in writing a longer period. Before entering into any lease, you submit the proposed lease or sublease for the premises of your Studio to us for our review and approval. We have the right to require you and the landlord for the Approved Location to sign our Lease Rider (a copy of which attached to this Agreement as Exhibit G) as a condition to giving our approval to your lease or sublease.

5. Approved Location: Upon our approval of a site under Section 3 of this Addendum, and after you secure the site pursuant to Section 5 of this Addendum, we will insert its address into Exhibit A (the Data Addendum) of the Franchise Agreement, and it will be the Approved Location. The Protected Territory, as defined under Section 1.2 of the Franchise Agreement, will be the geographic area thereafter described in Exhibit A to the Franchise Agreement. You acknowledge and agree that, if we have recommended, approved or given you information regarding a site for the Approved Location, that is not a representation or warranty of any kind, express or implied, of the suitability of the site for a "Studio Barre" studio or any other purpose. Our recommendation indicates only that we believe that the site meets our then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and changeable nature of these criteria and factors are beyond our control, and we are not responsible if a site and premises we recommend fail to meet your expectations. You acknowledge and agree that your acceptance of the obligation to develop the Studio is based on your own independent investigation of the suitability of the site for the Studio.

6. Entire Agreement: This Addendum is an integral part of the Franchise Agreement, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Addendum will have the same meaning as used in the Franchise Agreement. Except as modified or supplemented by this Addendum, you and we ratify and confirm the terms of the Franchise Agreement.

IN WITNESS WHEREOF, the parties to this Assignment have executed and delivered this Assignment effective as of this _____ day of ______________, 201___.

Studio Barre Franchising LLC Franchisor	______________________________, Franchisee
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________

Exhibit G

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT

STUDIO BARRE LEASE ADDENDUM

THIS ADDENDUM (the "**Addendum**") has been executed as of this ___ day of __________, 201___, by and between ____________________________("**Franchisee**") and ____________________ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated herein ("**Lease**") dated as of __________, 201__ for the premises located at __________________ [address], in the State of __________ ("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("**Franchise Agreement**") with Studio Barre Franchising LLC ("**Franchisor**") for the development and operation of a "Studio Barre" studio at the Premises, and as a condition to obtaining Franchisor's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

NOW THEREFORE, in consideration of mutual covenants set forth herein, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. The Premises may be used solely for the operation of a "Studio Barre" business. Franchisee, as the tenant under the Lease, will have the right to display and use the "Studio Barre" marks and signs in the manner required by the Franchisor.

2. Landlord agrees to deliver to Franchisor a copy of any notice of default or termination of the Lease at the same time such notice is delivered to Franchisee.

3. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, <u>but no such assignment will be effective unless and until</u>: (a) the Franchise Agreement is terminated or expires without renewal; (b) Franchisor has exercised its Option to Purchase under the Franchise Agreement; and (c) Franchisor notifies the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.

4. Any default under the Lease will also constitute a default under the Franchise Agreement, and any default under the Franchise Agreement will also constitute a default under the Lease.

5. Franchisor will have the right, but not the obligation, to cure any breach of the Lease upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder.

6. Franchisee and Landlord agree that they will not modify, amend, supplement, and/or extend, nor (in the case of Franchisee) assign the Lease rights, without Franchisor's prior written consent.

7. Franchisee and Landlord acknowledge and agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above. The parties also agree that by signing this Addendum, Franchisor has not guaranteed Franchisee's obligations to Landlord.

8. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, further assign the Lease to another franchisee of Franchisor to operate a "Studio Barre" studio at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and requirements and has executed a franchise agreement with Franchisor. Landlord and Franchisee agree to execute such further documentation to confirm Landlord's consent to the assignment permitted under this Addendum as Franchisor may reasonably request for that purpose. Upon such assignment to a franchisee of Franchisor, Franchisor will be released from any further liability under the terms and conditions of the Lease.

9. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents will have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, then Franchisee has an obligation under the Franchise Agreement to take certain steps to properly de-identify the Premises as a "Studio Barre" studio (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor will bear the expense of repairing any damage to the Premises as a result thereof.

10. If Landlord is an affiliate or an owner of the Franchisee, then Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Franchisor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "Studio Barre" studio is located.

11. Landlord and Franchisee agree that the terms in this Addendum will supersede any terms to the contrary set forth in the Lease.

12. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

13. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, will also be sent to Franchisor at 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010 (attention Shannon Higgins), or to such other address as Franchisor may specify by giving written notice to Landlord.

WITNESS the execution hereof under seal.

Landlord:	*Studio Barre Franchising LLC **	*Franchisee:*
______________________	______________________	______________________
Date:	Date:	Date:
______________________	______________________	______________________
Subscribed and sworn to before me this ___ day of ____________, 201_____.	Subscribed and sworn to before me this ___ day of ____________, 201_____.	Subscribed and sworn to before me this ___ day of ____________, 201_____.
________________ Notary Public	________________ Notary Public	________________ Notary Public
My Commission expires: ________	My Commission expires: ________	My Commission expires: ________
	** The Franchisor has signed this lease rider only to acknowledge its terms and not to accept any obligations under the lease.*	

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT AND POWER OF ATTORNEY
TELEPHONE NUMBERS AND LISTINGS

This Assignment and Power of Attorney ("Assignment") is made this _____ day of _________, 201__, by and between Studio Barre Franchising LLC and _________________________ (the "Franchisee").

FOR VALUE RECEIVED, and pursuant to Franchisee's obligations under the Studio Barre Franchising LLC Franchise Agreement dated ___________, 201__ by and between Franchisor and Franchisee (the "Franchise Agreement"), Franchisee hereby assigns to Franchisor all of Franchisee's right, title and interest in and to those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "Telephone Numbers and Listings") used from time to time in connection with Franchisee's operations under the Franchise Agreement.

Assignment.

- Upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the right (and Franchisor is hereby empowered) to implement this Assignment of the Telephone Numbers and Listings, and, in such event, Franchisee will have no further right, title or interest in the Telephone Numbers and Listings but will remain liable to the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as the "Telephone Company") for all past due fees owing to the Telephone Company on or before the effective date of this Assignment.

- Franchisee acknowledges and agrees that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement (without renewal or extension), Franchisor will have the sole right to and interest in the Telephone Numbers and Listings.

Power of Attorney.

- Franchisee appoints Franchisor as Franchisee's true and lawful attorney in fact to direct the Telephone Company to assign same to Franchisor (or to the party Franchisor designates) and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee will immediately notify the Telephone Company to assign the Telephone Numbers and Listings to Franchisor (or Franchisor's designee). If Franchisee fails to promptly direct the Telephone Company to assign the Telephone Numbers and Listings to Franchisor (or Franchisor's designee), Franchisor may direct the Telephone Company to effectuate the assignment contemplated hereunder to Franchisor (or Franchisor's designee).

- The parties agree that the Telephone Company may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings upon such termination or expiration (without renewal or extension) and that such assignment will be made automatically and immediately effective upon Telephone Company's receipt of such notice from Franchisor or Franchisee.

- The parties further agree that if the Telephone Company requires that the parties execute the Telephone Company's assignment forms or other documentation at the time of termination or expiration (without renewal or extension) of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee will be sufficient to document that Franchisee has given its consent and agreement to the assignment.

- The parties agree that at any time after the date hereof, they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration (without renewal or extension) of the Franchise Agreement.

This Assignment will inure to the benefit of Franchisor and will be binding upon Franchisee and its successors and assigns.

IN WITNESS WHEREOF, the parties to this Assignment have executed and delivered this Assignment effective as of this _____ day of _____________, 201___.

Studio Barre Franchising LLC Franchisor	________________________________, Franchisee
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________

Exhibit I

STUDIO BARRE FRANCHISING LLC
FRANCHISE AGREEMENT

TRAINING PARTICIPATION AND NON-DISCLOSURE AGREEMENT

This Training Participation and Non-Disclosure Agreement (the "*Agreement*") is made as of ____________, 201____ (the "*Effective Date*") by and between Studio Barre Franchising LLC ("*SB*"), and ____, who resides at ____ ("*Participant*").

1. Purpose.

a. Participant, who is an employee or an owner of a franchised "Studio Barre" studio, will attend and participate in training offered by SB concerning the methods, techniques, and systems associated with operating a "Studio Barre" Studio (the "*Training Program*"). This Agreement addresses the confidential nature of the information that will be divulged to the Participant in the Training Program.

b. Participant is attending SB's Training Program in her/his capacity as an employee and/or owner of a "Studio Barre" franchisee (the "*Franchisee*").

c. Participant agrees that in exchange for being permitted to attend and participate in the Training Program, and to work at the franchised Studio Barre studio, s/he will abide by the terms of this Agreement.

2. Confidential Information. Participant understands that during the Training Program and the course of her/his association with the Franchisee, Participant may be provided with or otherwise have access to non-public information that SB considers to be of a confidential, proprietary, or trade secret nature. Among other things, this confidential, proprietary, and/or trade secret information may include details regarding SB's business plan and related systems and processes, as well as other financial, business, and technical information, marketing, engineering and other plans, financial statements and projections, customer and supplier information, research, designs, plans, compilations, methods, techniques, processes, procedures, and know-how of the SB, whether in tangible or intangible form, and whether or not Studio, compiled or memorialized physically, electronically, graphically, photographically, or in writing (together, all of the above are deemed to be "*Confidential Information*").

3. Participant agrees to treat all of the Confidential Information in a private and confidential manner. Participant agrees to maintain the privacy of the Confidential Information in a manner that is no less protective of that information than other private information concerning Participant, the Franchisee's business, and other similar sensitive information.

4. Participant agrees not to sell, transfer, publish, disclose, or otherwise use or make available any portion of the Confidential Information of the other party to third parties (except to employees of the Franchisee who clearly have a need-to-know the Confidential Information solely for the purpose of operating the Franchisee's "Studio Barre" business).

5. Participant understands and agrees that SB owns all of the Confidential Information. Particular also understands and agrees that the Confidential Information may only be used for the specific purposes expressly authorized by this Agreement.

6. Participant understands and agrees that SB is not granting to Participant any license to use SB's intellectual property (for example, patents, trademarks, copyrights, domain names, and trade dress).

7. Upon the termination or expiration of this Agreement, or at SB's request, Participant agrees to promptly destroy all of its copies of

Confidential Information in its possession, or at SB's request, to return the Confidential Information to SB (in accordance with SB's instructions).

8. General Terms.

a. This Agreement is the entire agreement between the parties concerning the subject matter and supersedes any prior agreements concerning the subject matter hereof.

b. The term of this Agreement will be for the entire term of Participant's association with Franchisee and for a period of three (3) years after that association ends.

c. If any part of this Agreement is not valid or unenforceable, that will not affect the validity or enforceability of any other provision of this Agreement. Rather, the invalid or unenforceable provision will be deemed to be amended to the minimum extent necessary to render it enforceable under applicable law while retaining to the maximum extent possible the intent and economic benefit of the original provision consistent with applicable law.

d. No delay or omission by SB in exercising any right under this Agreement will operate as a waiver of that or any other right.

e. This Agreement is governed by and will be construed exclusively in accordance with the laws of the State of California (without regard to California conflicts of law principles).

f. The parties agree all disputes arising under this Agreement will be heard only in the federal or state courts in the State of California that have jurisdiction over where SB has its offices.

g. Participant agrees that SB is not, and will not be deemed to be, Participant's employer.

h. Participant acknowledges and agrees that its breach of this Agreement may cause irreparable injury to SB, and that SB may seek and obtain injunctive and other equitable relief against such breach.

i. No amendment or modification of this Agreement will be valid or binding on the parties unless made in a mutually executed writing.

j. The parties may sign this Agreement in multiple counterparts, and exchange those counterparts by electronic means, and when taken together, all of those counterparts will constitute a single instrument.

In Witness Whereof, the parties have signed this Agreement as of the Effective Date and agree to be legally bound by all terms and conditions contained herein.

Studio Barre Franchising LLC	______________________________ ***Participant***
By:______________________________	By:______________________________
Printed Name:______________________	Printed Name:______________________
Title:____________________________	Title:____________________________
Date:____________________________	Date:____________________________
Address for Notices: 3141 Tiger Run Court Suite 103 Carlsbad, California 92010	Address for Notices: ______________________________ ______________________________ Fax: ___________________________

EXHIBIT B

Area Development Agreement
with Exhibits

[on Studio Barre Franchising, LLC letterhead stationery]

__________, 201__

____
____
____
____

Re: Development Letter Agreement

Dear ________________:

We are pleased to be entering into this Development Letter Agreement (the "**Agreement**") with you today. As used in this Agreement, the term "**you**" or "**Developer**" means the "developer party" that is identified in the signature block of this Agreement, and the terms "**we**" and "**SBF**" mean Studio Barre Franchising, LLC

1. *Development*. This letter agreement relates to the terms under which you will develop "Studio Barre" studio locations ("**Studios**") within the Development Area that is specified on the Data Sheet (Exhibit A) attached to this Agreement. Each Studio will be established under the terms of a separate Franchise Agreement (the "**Franchise Agreement**") that will specify, among other things, the approved location of each such Studio.

2. *Development Schedule*. You agree to establish each of the Studios according to the development schedule that the parties have agreed to, as specified on the Data Sheet (Exhibit A) attached to this Agreement. That schedule is referred to as the "**Development Schedule**" in this Agreement.

3. *Term*. The term of this Agreement starts only when both parties have signed below, and ends on the last date specified in the Development Schedule, unless this Agreement is sooner terminated (the "**Term**").

4. *Development Fee*. In consideration of the development rights granted herein, you agree to pay SBF a development fee in an amount equal to Thirty Eight Thousand Dollars ($38,000) for the first Studio to be developed plus Ten Thousand Dollars ($10,000) for each additional Studio to be developed under this Agreement in order to comply with the Development Schedule, the aggregate amount of which is specified in Exhibit A to this Agreement (the "**Development Fee**"), which you agree to pay to us when you sign this Agreement.

4.1 For each Franchise Agreement signed pursuant to this Agreement, you agree to pay to us an initial franchise fee in the following amounts:

4.1.1 Thirty Eight Thousand Dollars ($38,000) under the first (1st) Franchise Agreement entered into under the Development Schedule;

4.1.2 Thirty Thousand Dollars ($30,000) for the second (2nd) through fifth (5th) Franchise Agreements entered into under the Development Schedule; and

4.1.3 Twenty Eight Thousand Dollars ($28,000) for the sixth (6th) and each additional Franchise Agreement entered into under the Development Schedule.

4.2 If you are in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement with us for the first Studio that you develop pursuant to the Development Schedule, we will credit to you the sum of Thirty Eight Thousand Dollars ($38,000) as full payment of the initial franchise fee due under the Franchise Agreement for that Studio. If you continue to be in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement for each additional Studio that you develop pursuant to the Development Schedule, we will credit to you the sum of Ten Thousand Dollars ($10,000), which credit we will apply to the initial franchise fee due under the Franchise Agreement for that Studio (provided, that the total amount of the credits that we grant to you under this Section 4.2 will not exceed the total Development Fee that you have actually paid to us).

4.3 The Development Fee will be fully earned when we receive it from you and it will be non-refundable in consideration of administrative and other expenses we incur and for the development opportunities lost or deferred as a result of the rights we have granted to you under this Agreement.

5. *Development Rights*. If you are in compliance with your obligations under this Agreement and all of the Franchise Agreements between you (and your affiliates) and SBF (and our affiliates), then we will not establish, nor license anyone other than you to establish, a Studio in the Development Area until the end of the Term, except as otherwise provided under Section 6 below.

6. *Reservation of Rights*. Except as otherwise specifically provided under Section 5 above, we retain all other rights, and therefore we will have the right (among others), and on any terms and conditions we deem advisable, and without granting you any rights therein, to:

6.1 use, and to license others to use, the System and the Proprietary Marks (defined below) for the operation of Studios at any location outside the Development Area;

6.2 acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Development Area (but we will not change those other businesses into "Studio Barre" Studios operated in the Development Area);

6.3 use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses and marks may be the same as, similar to, or different from the Studio and Proprietary Marks (but these will not be "Studio Barre" Studios located in the Development Area);

6.4 sell or market any products or services (including without limitation, recorded or written materials that present the Programs or dance instructions and choreography is the same or similar to the Programs or Program Materials), using the Proprietary Marks or other marks Programs to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a "Studio Barre" Studio located in the Development Area.

7. *No License to Use the Proprietary Marks or System*. This Agreement does not confer upon you any license to use, in any manner whatsoever, our proprietary marks and trade names (for example, the mark "STUDIO BARRE"), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with our system (the "**Proprietary Marks**") or system. To the extent that we are licensing those rights to you, that license will be set out under each of the Franchise Agreements.

8. *Signing of the Franchise Agreement*. You must sign a Franchise Agreement for each Studio. Each Studio will be located at a site that we must have approved, within the Development Area, as provided below (the "**Approved Site**"). The Franchise Agreement for the first Studio developed under this Agreement will be in the form of the Franchise Agreement that is attached as Exhibit B. The Franchise Agreement for each additional Studio that you develop will be the form of Franchise Agreement

that we are then generally offering at the time each such Franchise Agreement is signed. You must sign the Franchise Agreement for each Studio and submit that Franchise Agreement to us for countersignature not more than fifteen (15) days after you sign the lease for that Studio, and in any case not more than thirty (30) days before the Studio is reasonably expected to open for business.

9. *Provisions of the Franchise Agreement Incorporated By Reference*. The parties confirm and agree that: (a) that they have read and understand the Franchise Agreement; (b) they agree that the following sections of the Franchise Agreement are incorporated by reference into this Agreement as if they were printed here, in the text of this Agreement; and (c) that the provisions noted below will apply to this Agreement (except that reference to the "Franchisee" in those provisions of the Franchise Agreement that are incorporated by reference into this Agreement will mean the Developer under this Agreement):

9.1 Section 14 - Insurance

9.2 Section 16 - Transfer of Interest (see also Section 10 below)

9.3 Section 17 - Default and Termination (see also Section 11 below)

9.4 Section 18 - Obligations Upon Termination or Expiration

9.5 Section 19 - Covenants

9.6 Section 20 - Taxes, Permits, and Indebtedness

9.7 Section 21 - Independent Contractor and Indemnification

9.8 Section 22 – Approvals and Waivers

9.9 Section 23 - Notices

9.10 Section 25 - Severability and Construction

9.11 Section 26 - Applicable Law and Dispute Resolution *(You specifically acknowledge and agree that the provisions in Section 26 of the Franchise Agreement apply to this Agreement as well. Among other things, the provisions of Section 26 provide (in the detail spelled out in the Franchise Agreement) that you are waiving trial by jury, that you are waiving the right to seek or collect punitive damages, that the venue for any action you may file against us will be in the courts for the location at which we have our principal place of business at the time the action is commenced (currently, Carlsbad, California), that you are waiving participation in a common or class action against us, and that all legal actions you bring must be brought within one year from the date you knew or should have known of the facts creating the claim – all as described in Section 26 of the Franchise Agreement.)*

9.12 Section 27 - Acknowledgments

10. *Transfers*. In addition to the provisions of Section 9.2 above, you understand and agree that we have entered into this Agreement in reliance on your promise and commitment to establish and operate an agreed-upon number of Studios, and that as a result, you agree that it would not be unreasonable for us to withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under this Agreement (if this Agreement has not at the time of a proposed transfer either expired or terminated).

11. *Defaults*. In addition to the provisions of Section 9.3 above, you will be in default under this Agreement if you do not meet your obligations under the Development Schedule or if any other agreement between you (and/or your affiliates) and us is terminated. If you are in default of this Agreement pursuant to this Section 11, we will have the right to terminate this Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law).

12. *Entire Agreement and Amendment.* This Agreement (including the Data Sheet as well as the provisions of the Franchise Agreement that are incorporated by reference), and the Exhibits that are attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersede all prior agreements, no other representations having induced Franchisee to execute this Agreement. The parties acknowledge and agree that they relied only on the words printed in this Agreement (and the Data Sheet and the provisions of the Franchise Agreement that are incorporated by reference) and the Exhibits to this Agreement in deciding whether to enter into this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the express representations made in our franchise disclosure document.

13. *Indemnity.* In addition to Section 9.7 above, you agree to defend, indemnify and hold us, our affiliates, and our and their respective officers, directors, members, managers, employees, and agents harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorney's fees, reasonable costs of investigation, court costs, and arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by you to perform any obligation under the Agreement.

14. *Confirmation that You Read the Franchise Agreement.* You acknowledge that you have read and understand the Franchise Agreement attached to this Agreement as Exhibit B.

15. *Captions.* The headings and captions in this Agreement are merely for the sake of convenience and are not meant (and will not be deemed) to change or have any affect upon the meaning of the Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Agreement in duplicate on the day and year first above written.

Studio Barre Franchising, LLC	______________________ Developer Party
By: ______________________	By: ______________________
Printed Name: ______________________	Printed Name: ______________________
Title: ______________________	Title: ______________________
Address for Notices:	Address for Notices:
Studio Barre Franchising, LLC 3141 Tiger Run Court Suite 103 Carlsbad, California 92010 Attn: Shannon Higgins	______________________ ______________________ Telephone: ______________________ Fax: ______________________ Attn: ______________________

Exhibits (2): **A** – Data Sheet; and **B** –Franchise Agreement

Exhibit A - Data Sheet

Part 1:

The Development Area under this Agreement will be:

Initialed

SBF

Developer Party

Part 2:

The Development Schedule under this Agreement will be:

By this anniversary of the date of this Agreement	You Agree to Have This Total Number of Studios Open and in Operation in the Development Area

Initialed

SBF

Developer Party

Exhibit B - The Franchise Agreement

EXHIBIT C

Deposit Agreement

Studio Barre Franchising LLC
Deposit Agreement

This Deposit Agreement (the "**Agreement**") is made and entered into on the Effective Date indicated in the Additional Information portion of the last page of this Agreement (the "**Effective Date**") by and between:

- Studio Barre Franchising LLC, a California limited liability company with offices at 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010 ("**SBF-LLC**"); and
- The Depositor indicated in the Additional Information portion of the last page of this Agreement.

In this Agreement, "**we**," "**us**" and "**our**" refers to SBF-LLC; and "**you**" and "**your**" refers to the Depositor.

INTRODUCTION:

*A. We and our affiliate are in the business, among other things, of developing and operating a system consisting of franchisee-operated "Studio Barre" fitness businesses, which operate under the "Studio Barre" trademarks and service marks, and our "Studio Barre" system (a "**Franchised Businesses**").*

*B. You have applied to become a franchisee under the Studio Barre system under the terms of a franchise agreement, and expressed your interest in signing a "Studio Barre" franchise agreement (a "**Franchise Agreement**") with us for a Franchised Business to be established and operated within the Deposit Area (which is indicated in the Additional Information portion of the last page of this Agreement)*

*C. You have requested additional time (the "**Deposit Period**") (which is indicated in the Additional Information portion of the last page of this Agreement) to sign a Franchise Agreement, and have also asked that during the Deposit Period, we defer opportunities to grant franchises to other parties to operate Franchised Businesses that will be located within the Deposit Area.*

D. You wish to place a deposit with us as evidence of your good faith during the Deposit Period.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Deposit Area.

1.1. The parties agree that the "**Deposit Area**" is the area indicated in the Additional Information portion of the last page of this Agreement.

1.2. We agree not to enter into deposit agreements or franchise agreements with other parties for Franchised Businesses to be located within the Deposit Area until the Deposit Period and this Agreement expire, as described in Section 7. We reserve all other rights, and nothing in this Agreement (except for Section 6 below) will prevent either us or you from entering into any other agreement, conducting any business, or taking any action within the Deposit Area or elsewhere, with other parties.

2. The Deposit. When you sign this Agreement, you agree to pay us Five Thousand Dollars ($5,000) as a non-interest bearing deposit (the "**Deposit**").

3. Deposit is Non-Refundable after 30 Days.

3.1. The Deposit is paid in consideration of the rights granted in Section 1 and is fully earned at the time paid and is non-refundable, except as described in Section 3.2 below.

3.2. Until the end of the Refund Period (defined below) you may terminate this Agreement by giving us written notice. If we receive a your written notice of termination by the end of the Refund Period, then we will refund the Deposit to you after all of the parties have signed a termination and release agreement in a form that we will provide (and, if you are an entity, your owners must also sign the termination and release agreement. You agree that we have no obligation to refund the Deposit in whole or in part except as described in this Section 3.2. The "**Refund Period**" starts on the Effective Date and will end thirty (30) days later.

4. Credit. If the parties (or if you are an individual, an entity that you establish), enter into a Franchise Agreement during the term of this Agreement, then we will credit the full amount of the Deposit toward the initial franchise fee due under that Franchise Agreement.

5. Limitations.

5.1. This confirms that you have asked for additional time to sign a Franchise Agreement with us, as further described in the Introduction paragraphs above, and we have agreed to enter into this Agreement only for that purpose. We have no obligation to provide you with any site selection, site review, or other assistance or services under this Agreement. If the parties sign a Franchise Agreement, you will be responsible for identifying and obtaining a site that will be subject to our review as well as our prior written approval, all in accordance with the terms of the Franchise Agreement. You also understand that the Franchise Agreement will not grant you a protected territory.

5.2. We have not (and by entering into this Agreement, you agree that we have not) given you any representation or assurance that any site you find for a Franchised Business will be acceptable to us under a Franchise Agreement or that if we accept that proposed site, that you will be successful in operating a "Studio Barre" business at that location.

5.3. By proposing or approving the Deposit Area, we have not (and by entering into this Agreement, you agree that we have not) made any statement, express or implied, or otherwise given you any representation or assurance that you are likely to be successful in operating a Franchised Business at any location within the Deposit Area.

6. Confidentiality. During the Deposit Period, certain confidential information about us and our system may be disclosed or otherwise made known to you ("**Confidential Information**"). You agree: (a) to respect and maintain the confidential nature of such Confidential Information; (b) that in any way will you disclose the Confidential Information to any other party; (c) not to way use the Confidential Information in the operation of any business (other than a Franchised Business operated pursuant to a Franchise Agreement with us). You agree that your obligations under this Section 6 do not expire upon termination or expiration of this Agreement.

7. Deposit Period and Expiration. The parties agree that the Deposit Period starts on the Effective Date and will expire on the earlier of (a) the date for the "Deposit Period" indicated in the Additional Information portion of the last page of this Agreement (and, if for any reason that date is not filled-in, then not later than the end of the Refund Period); or (b) the date (if applicable) the parties sign a Franchise Agreement, unless you and we otherwise agree in writing to modify the Deposit Period under this Agreement. You acknowledge that time is of the essence under this Agreement. Upon the expiration of the Deposit Period, this Agreement will expire, without further notice to the parties, the

parties will have no further rights or obligations to each other under this Agreement (except for the obligations under Section 6 above regarding Confidential Information).

8. No Franchise Rights. This Agreement is not a franchise and does not grant you any right whatsoever to use the "Studio Barre" trademarks and/or system (those rights would only be granted under a franchise agreement that you and we may enter into separately). You agree not to use the "Studio Barre" trademarks or system, or make any representation or commitment on our behalf.

9. Acknowledgment. You acknowledge that you received a copy of this Agreement with all of the blank lines in this Agreement completed at least seven (7) days before the date when you signed this Agreement, and that you had sufficient time to review the Agreement with advisors of your choosing if you wish (such as your lawyer and/or accountant). You also acknowledge that you received our Franchise Disclosure Document, which is required by the Federal Trade Commission's Franchise Rule, at least fourteen (14) days before you signed this Agreement.

10. No Conflicting Obligations. You represent and warrant to us that neither you nor your principals are under any contractual or other legal obligation that would restrict you and your owners from: (a) entering into this Deposit Agreement and/or a "Studio Barre" Franchise Agreement; and/or (b) performing the obligations and/or exercising the rights under this Agreement and/or any "Studio Barre" Franchise Agreement that the parties may later enter into.

11. Full Agreement. This Agreement constitutes the entire agreement between the parties concerning the subject of this Agreement and supersedes all prior negotiations, representations, correspondence, and agreements concerning the same subject matter. The parties have relied on nothing other than the words of this contract in deciding whether or not to sign this Agreement (however, nothing in this Section 11 is meant to disclaim any representation that we made in the Franchise Disclosure Document that we gave to you).

12. Governing Law. This Agreement will be interpreted and construed exclusively under the laws of the State of California, which laws will prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of California choice-of-law rules).

13. Choice of Venue. The parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within such state and in the judicial district in which we have our principal place of business. Any action brought by us against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business. The parties agree that this Section 13 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above. The parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Any such action must be conducted on an individual basis, and not as part of a consolidated, common, or class action.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

Studio Barre Franchising LLC

By:______________________________

Name:____________________________

Title:_____________________________

______________________________,
Depositor:

By:______________________________

Name:____________________________

Title:_____________________________

______________________________,
Depositor:

By:______________________________

Name:____________________________

Title:_____________________________

Additional Information:	
The Effective Date of this Agreement (see first page) is:	______________________________, 201____
The Depositor (see first page) is: *(complete only the blanks that apply)*	______________________________, a resident of the State of ______________________________ ______________________________, a resident of the State of ______________________________ ______________________________, a [corporation] [limited liability company] organized under the law of the State of ______________
The Deposit Area (see Section 1) is:	______________________________ ______________________________ ______________________________
The Deposit Period Ends (see Section 7) on:	______________________________, 201____

EXHIBIT D
LIST OF ADMINISTRATORS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state laws. 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 these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Department 600 East Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117	**WASHINGTON** Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Department of Commerce, Securities Unit 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	**WISCONSIN** Office of the Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

EXHIBIT E
AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a "franchise" in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

CALIFORNIA Commissioner of Business Oversight Department of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	**NEW YORK** 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
HAWAII Commissioner of Securities of the State of Hawaii Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	**NORTH DAKOTA** North Dakota Securities Commissioner 600 East Boulevard Avenue, State Capitol Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	**RHODE ISLAND** Director of Department of Business Regulation Department of Business Regulation Securities Division Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	**SOUTH DAKOTA** Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	**VIRGINIA** Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General's Office Consumer Protection Div., Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117	**WASHINGTON** Director of Department of Financial Institutions Securities Division – 3rd Floor 150 Israel Road, S.W. Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1500	**WISCONSIN** Commissioner of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

EXHIBIT F

Studio Barre Franchisees
(as of December 31, 2017 and as date of this disclosure document)

California

JTI Fitness
Kimberly Gillis
Studio Barre - Encinitas
208 El Camino Real, Suite C
Encinitas, California 92024
(760-633-2243)

Tuck Off , LLC
Brooke Tigh/ Melissa Chang
7845 Highland Village Place, Suite C-103
San Diego, California 92129
(858) 365-7169

Jennifer Lilly Enterprises LLC
Jennifer Cosco / Lilly Holt
5705 La Jolla Blvd.
La Jolla, California 92037
(858) 459-1900

Wellness 88, LLC
Laurie Housman
321 W Washington Street
San Diego, California 92103
(619) 821-2840
*(*In April 2018, this Studio was purchased by our Affiliate, and is a Company-owned Studio)*

School Bus Yellow, LLC
Cindi Garabedian
2325 Borchard Road
Newbury Park, California 91320
(805) 889-9633

MRT Barre, LLC
Meredith Rowe
31878 Del Obispo Street, Suite 108
San Juan Capistrano, California 92675
(949) 218-1668

Colorado

Barre Boss, LLC
Vanessa DiPentino
360 S. Monroe Street, #510
Denver, CO 80209
760-822-0366
(Opened in 2018)

Indiana

Barre Rescue, LLC
Michelle Hamstra
1275 East N Street
Crown Point, IN 46307
(219) 226-4916

Barre Rescue, LLC
Michelle Hamstra
7950 US 41
St. John, IN 46373
(219) 226-4916
(opened in 2018)

Massachusetts

Luck Be a Lady, LLC
Jamie Dowd
474 High Street
Dedham MA 02026
(202) 431-0359

Michigan

SB Chapman, LLC
Anna Chapman
1888 Breton Rd SE,
Grand Rapids, MI 49506
(616) 551-7599
(Opened in 2018)

Montana

Barre None, LLC
Rachel Granger
420 North Brady Ave Unit A
Bozeman MT 59715
(406) 868-1254

New Jersey

RJC Jersey, Inc.
Jennifer Hill
8 West Main Street
Somerville, NJ 08876
(908) 420-5212

Rhode Island

SB Newport LLC
Kelsey and Tanis Collard
692 Aquidneck Avenue
Middletown, Rhode Island 02842
(401) 619-8393

South Carolina

Barre Bodies LLC
Tara Miller
1956 Maybank Highway, Suite C
Charleston, SC 29412
(843) 901-8353

Texas

Brittany Schmidt
JBN Studios, LLC
11964 Battle Bridge
Austin TX 78748
(214) 773-7537

Virginia

ADL Enterprises, LLC
Angela Lutzker
610 North Fayette St.
Alexandria, VA 22314
(571) 970-3305

Studio Barre – Former Franchisees *

(as of December 31, 2017 or who has not communicated with us within 10 weeks of the date of this disclosure document)

<u>As of December 31, 2017</u>

None

<u>As of April 20, 2017</u>

Wellness 88, LLC
Laurie Housman
San Diego, California 92103
(619) 821-2840
**In April 2018, our Affiliate acquired the unit and this operator ceased to be a franchisee in our System*

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

EXHIBIT G

Studio Barre Company-Owned Studios*
(as of December 31, 2017, and as of April 20, 2018)

<u>As of December 31, 2017</u>

None

<u>As of April 20, 2017</u>

Studio Barre – Mission Hills*
321 W Washington Street
San Diego, California 92103

*This Studio is operated by our affiliate, Studio Barre LLC

EXHIBIT I

Table of Contents for Manuals

Total Pages: 171 pages

Table of Contents

Table of Contents

Table of Contents

Table of Contents

EXHIBIT J

State-Specific Disclosures

EXHIBIT J-1

California Disclosure

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Disclosure Document for Studio Barre Franchising LLC in connection with the offer and sale of franchises for use in the State of California is amended to include the following:

1. Our website, www.studiobarre.com, has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of the website may be directed to the California Department of Business Oversight at www.dbo.ca.gov.

2. 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.

3. 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.

4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).

5. In Item 3, "Litigation," is amended by the addition of the following paragraphs:

> Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.
>
> Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.

6. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following paragraph(s) at the conclusion of the Item:

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

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.)

The Franchise Agreement and Area Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

EXHIBIT J-2

Maryland Disclosure

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document for Studio Barre Franchising LLC for use in the State of Maryland shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by the addition of the following language:

> The general releases required for renewal or transfer will not apply with respect to any liability arising under the Maryland Franchise Registration and Disclosure Law.
>
> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> The Franchise Agreement and Area Development Agreement provide for termination upon bankruptcy of the franchisee. This provision may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. Section 101, *et seq.*).
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Exhibit L, "Franchisee Compliance Certification," is amended by the addition of the following at the end of Exhibit L:

> The representations under this Franchisee Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

EXHIBIT J-3

Michigan Disclosure

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE

FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

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

* * * *

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

* * * *

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: MICHIGAN DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 6546 MERCANTILE WAY, P.O. BOX 30222, LANSING, MICHIGAN 48910.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913

NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.

EXHIBIT J-4

New York Disclosure

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS PROSPECTUS.

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Disclosure Document for Studio Barre Franchising LLC for use in the State of New York shall be amended as follows:

1. Item 3, Litigation is amended by the addition of the following at the beginning of the Item:

Except as described below, neither the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. 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; or has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

B. Has been convicted of a felony, or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

C. 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.

2. The paragraph under Item 4, "Bankruptcy" is deleted in its entirety, and the following language is substituted in lieu thereof:

Neither the franchisor, its affiliate, its predecessor, officers or general partner, during the 10-year period immediately before 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 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 the officer or general partner of the franchisor held this position in the company or partnership.

3. Item "Initial Fees" is amended by the addition of the following:

Proceeds from the Initial Franchise Fee go into our general fund and, in part, compensate us for the license granted to you and, in part, are used to pay or defray some of the costs we may incur as a result of: (1) screening and approving you; (2) providing you with assistance; (3) incurring legal fees, accounting fees, and other costs to comply with the federal and state laws governing this offering; (4) prior research and development relating to the System; and (5) general administrative expenses.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by deleting "d", "j", "w" and the following new "d", "j", "w" is substituted in lieu thereof:

Provision	Section in Franchise Agreement, Deposit Agreement and Area Development Agreement	Summary
d. Termination by you	Not applicable	The franchisee may terminate the agreement on any grounds available by law.
j. Assignment of contract by us	16.1	There are no limits on our right to assign the Franchise Agreement. 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 obligation under the franchise agreement.
v. Choice of forum	26.2	We may, and you must, sue only in the state and judicial district in which we have our principal place of business (currently, Carlsbad, California). * The foregoing choice of forum should not be considered as a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business Law of the law of the state of New York.
w. Choice of law	26.1	California law applies. The foregoing choice of law should not be considered as a waiver of any right conferred upon the franchisor or upon the franchisee by article 33 of the General Business Law of the law of the state of New York.

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

6. The information in Item 21 "Financial Statements" is supplemented with the addition of our unaudited financial statements as of August 31, 2016 as part of this New York disclosure addendum.

STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

EXHIBIT J-5

Rhode Island Disclosure

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the Franchise Disclosure Document for Studio Barre Franchising LLC for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

    § 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This addendum to the Disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the Disclosure document.

EXHIBIT J-6

Virginia Disclosure

In recognition of the restrictions contained in Section 13.1564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Studio Barre Franchising LLC for use in the Commonwealth of Virginia is amended as follows:

1. **Additional Disclosure: the following statements are added to Item 17.h.**

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Nothing in the Franchise Agreement will be interpreted or construed in a manner inconsistent with the requirements of Va. Code § Sec. 13.1-564, which provides that "[i]t shall be unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise."

2. This Addendum shall be effective only to the extent that the jurisdictional requirements of the Act are met independently with respect to such provision, without reference to this Addendum to the Franchise Disclosure Document.

EXHIBIT K

State-Specific Amendments to Agreements

EXHIBIT K-1-A

Maryland Franchise Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Studio Barre Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.8 of the Agreement, under the heading "Term And Renewal," is deleted in its entirety and will have no force or effect, and the following is substituted in its place:

> 2.2.8 You (and your direct and indirect owners) must execute and deliver to us a general release, in a form we prescribe, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, agents, and employees, but this release will not apply with respect to any liability arising under the Maryland Franchise Registration and Disclosure Law;

2. Section 16.5.2 of the Agreement, under the heading "Transfer Of Interest," is deleted in its entirety and shall have no force or effect, and the following is substituted in its place:

> 16.5.2. You, the transferor, and any other persons we designate, will have executed and delivered to us a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us or our affiliates, and federal, state, and local laws and rules, but this release will not apply with respect to any liability arising under the Maryland Franchise Registration and Disclosure Law;

3. Section 24 of the Agreement, under the heading "Entire Agreement and Amendment," is amended by the addition of the following language:

> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Sections 26.2, 26.3, and 26.7 of the Agreement, under the heading "Applicable Law and Dispute Resolution," are amended by the addition of the following language:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

5. Section 27 of the Agreement, under the heading "Acknowledgments," is supplemented by the following:

> The foregoing acknowledgments are not intended to nor will they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

6. Section 27.13 of the Agreement, under the heading "Acknowledgements," will be supplemented with the following:

> This General Release does not release any claims that you may have under the Maryland Franchise Registration and Disclosure Law.

7. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Studio Barre Franchising LLC Franchisor	______________________________, Franchisee
By: ______________________	By: ______________________
Name: ____________________	Name: ____________________
Title: _____________________	Title: _____________________

Maryland Amendment to Franchise Agreement (Page 2 of 2)

EXHIBIT K-1-B

Maryland Development Agreement Amendment

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Studio Barre Franchising LLC Area Development Agreement (the "Agreement") agree as follows:

1. Section 9.2 of the Agreement, under the heading "Transfer Conditions," is amended by the addition of the following language:

   Any release provided under this section will not apply with respect to any liability arising under the Maryland Franchise Registration and Disclosure Law.

2. Sections 9.11 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following language:

   An area developer may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

3. Section 9.12 of the Agreement, under the heading "Acknowledgments," incorporates by reference Section 27 of the Franchise Agreement. Section 27 of the Franchise Agreement is amended by the addition of the following language is supplemented by the following paragraphs:

   The above acknowledgments are not intended to nor will they act as a release, estoppel, or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

   A general release under Section 9.12 will not release any claims that you may have under the Maryland Franchise Registration and Disclosure Law.

4. Section 12 of the Agreement, under the heading "Entire Agreement and Amendment," is amended by the addition of the following language:

   All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

Maryland Amendment to Area Development Agreement (Page 1 of 2)

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

Studio Barre Franchising LLC Franchisor	______________________________, Area Developer
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________

EXHIBIT K-2-A

New York Franchise Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Section 2.2.8 of the Agreement, under the heading "Term and Renewal," is deleted in its entirety, and will have no force or effect; and the following paragraph is substituted in lieu thereof:

> 2.2.8 Renewal. You (and your direct and indirect owners) must execute and deliver to us a general release, in a form we prescribe, of any and all claims against us and our subsidiaries and affiliates, and their respective officers, directors, shareholders, members, managers, agents, and employees, provided, however, that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Section 16.5.2 of the Agreement, under the heading "Transfer Conditions," is deleted in its entirety, and will have no force or effect; and the following paragraph is substituted in lieu thereof:

> 16.5.2You, the transferor, and any other persons we designate, will have executed and delivered to us a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective directors, officers, shareholders, members, managers, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, without limitation, claims arising under this Agreement, any other agreement between you and us or our affiliates, and federal, state, and local laws and rules; provided, however, that all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied;

3. Section 26.5 of the Agreement, under the heading "Injunctions," is deleted in its entirety, and will have no force or effect; and the following paragraph is substituted in lieu thereof:

> 26.5 Injunctions. Nothing in this Agreement bars our right to seek injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

4. Section 26 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following language:

> Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by article 33 of the General Business Law, Sections 680-695 of the state of New York.

5. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the franchise will be opening in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Studio Barre Franchising LLC Franchisor	______________________________, Franchisee
By: ______________________	By: ______________________
Name: ____________________	Name: ____________________
Title: _____________________	Title: _____________________

EXHIBIT K-2-B

New York Area Development Agreement Amendment

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Area Development Agreement (the "Agreement") agree as follows:

1. Section 9.2 of the Agreement, under the heading "Transfer Conditions," is amended by the addition of the following language:

> For any release under this section, all rights enjoyed by the transferor and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Section 9.11 of the Agreement under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following language:

> Injunctions. Nothing in this Agreement bars our right to seek injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
>
> Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by article 33 of the General Business Law, Sections 680-695 of the state of New York.

3. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if you are domiciled in or the franchise will be opening in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

Studio Barre Franchising LLC Franchisor	______________________________, Area Developer
By: ______________________	By: ______________________
Name: ______________________	Name: ______________________
Title: ______________________	Title: ______________________

New York Amendment to Area Development Agreement (Page 1 of 1)

EXHIBIT K-3-A

Rhode Island Amendment to Franchise Agreement

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Studio Barre Franchising LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 26.2 of the Agreement, under the heading "Applicable Law and Dispute Resolution," will be deleted in its entirety, and will have no force or effect; and the following paragraph will be substituted in its place:

> 26.2 Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

Studio Barre Franchising LLC Franchisor	____________________ Franchisee Entity
By:____________________	By:____________________
Name:____________________	Name:____________________
Title:____________________	Title:____________________

EXHIBIT K-3-B

Rhode Island Amendment to Area Development Agreement

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Studio Barre Franchising LLC Area Development Agreement (the "Agreement") agree as follows:

1. Section 9.11 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by the addition of the following language:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island amendment to the Area Development Agreement on the same date as the Area Development Agreement was executed.

Studio Barre Franchising LLC Franchisor	____________________________ Area Developer Entity
By:________________________	By:________________________
Name:______________________	Name:______________________
Title:______________________	Title:______________________

EXHIBIT L

Franchisee Compliance Certification

EXHIBIT L

STUDIO BARRE FRANCHISING LLC
FRANCHISEE COMPLIANCE CERTIFICATION

As you know, Studio Barre Franchising LLC (the "**Franchisor**" or "**we**" or "**our**" (as the case may be) and you are preparing to enter into a Franchise Agreement or Area Development Agreement for the establishment and operation of a "Studio Barre" franchised business. The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. The following dates and information are true and correct:

a.	______________,201__ Initials ____________	The date of my first face-to-face meeting with anyone to discuss the possible purchase of a franchise for a "Studio Barre" franchised business.
b.	______________,201__ Initials ____________	The date on which I received Franchisor's Franchise Disclosure Document ("**FDD**").
c.	______________,201__ Initials ____________	The date when I received a fully completed copy (other than signatures) of the Franchise Agreement or Area Development Agreement (collectively, the "**Agreements**"), and Addenda (if any) and all other documents I later signed.
d.	______________,201__ Initials ____________	The date on which I signed the Franchise Agreement.
e.	______________,201__ Initials ____________	The date on which I signed the Area Development Agreement.

2. Did you receive and personally review the Franchise Agreement and Area Development Agreement and each Addendum and related agreement attached to it?

   Yes _____ No _____

3. Do you understand all of the information contained in the Agreements and each Addendum and related agreement provided to you?

   Yes _____ No _____

If no, what parts of the Agreements, Addenda, and/or related agreement do you not understand? (Attach additional pages, as needed.)

____
____
____
____
____

4. Did you receive and personally review the FDD that we gave to you?

Yes _____ No _____

5. Did you sign a receipt for the FDD indicating the date you received it?

Yes _____ No _____

6. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _____ No _____

If No, what parts of the FDD and/or Addenda do you not understand? (Attach additional pages, as needed.)

____
____
____
____
____
____

7. Did you discuss the benefits and risks of establishing and operating a "Studio Barre" franchised business with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

8. Do you understand that the success or failure of your "Studio Barre" franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes _____ No _____

9. Do you understand that no agreement or addendum is effective until it is also signed and dated by the Franchisor?

Yes _____ No _____

10. Do you understand that there are no promises, representations (other than in the franchise disclosure document) agreements, "side deals," or other arrangements, written or oral, that are not in the Agreements, addenda, and other agreements attached to the FDD?

Yes _____ No _____

11. If you have answered "No" to any one of questions 8-10, please provide a full explanation of each No answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "Yes" to each of questions 8-10, please leave the following lines blank.

____
____
____
____
____

12. Has anyone speaking for the Franchisor made any statement or promise concerning the revenues, profits or operating costs of a "Studio Barre" business operated by the Franchisor or its franchisees that is different than the information contained in the FDD?

Yes _____ No _____

13. Has anyone speaking for the Franchisor made any statement or promise regarding how much you may earn in operating the "Studio Barre" franchised business that is different than the information contained in the FDD?

Yes _____ No _____

14. Has anyone speaking for the Franchisor made any statement or promise concerning the total amount of revenue your "Studio Barre" franchised business will generate that is different than the information contained in the FDD?

Yes _____ No _____

15. Has anyone speaking for the Franchisor made any statement or promise regarding the costs you may incur in operating the "Studio Barre" franchised business that is different than the information contained in the FDD?

Yes _____ No _____

16. Has anyone speaking for the Franchisor made any statement or promise concerning the likelihood of success that you should expect in operating a "Studio Barre" franchised business?

Yes _____ No _____

17. Has anyone speaking for the Franchisor made any statement, promise or agreement concerning the assistance (whether in advertising, marketing, training, support or other areas) that is different from the information contained in the FDD?

Yes _____ No _____

18. Before today, have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise?

Yes _____ No _____

19. Before today, did you pay any money to the Franchisor for the purchase of this franchise?

Yes _____ No _____

20. If you have answered "Yes" to any one of questions 12-19, please provide a full explanation of each Yes answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "No" to each of questions 12-19, please leave the following lines blank.

____

____

____

____

____

____

21. Do you understand that all disputes and claims you may have under the Franchise Agreement and the Personal Guarantee must be heard in the courts of California (if the parties cannot resolve the matter informally or by mediation)?

Yes _____ No _____

22. Do you understand that the Agreements and the Personal Guarantee provides that you can only collect compensatory damages on any claim under (or related to) the Agreements and not any consequential or punitive damages?

Yes _____ No _____

23. Do you understand that the Agreements and the Personal Guarantee both include a waiver of jury trials and a statement that claims need to be brought within one year after they arise or they may no longer be brought after that time?

Yes _____ No _____

24. If you have answered "No" to any one of questions 20-22, please provide a full explanation of each Yes answer in the following blank lines. (Attach additional pages, as needed, and refer to them below.) If you have answered "Yes" to each of questions 20-22, please leave the following lines blank.

____

____

____

____

25. Did you speak with any current and former "Studio Barre" franchised business franchisees, and did you chose which franchisees, and how many franchisees, to speak with.

Yes _____ No _____

26. During my negotiations and evaluations leading up to my decision to buy a "Studio Barre" franchise business, I spoke with the following individuals from Studio Barre Franchising LLC or its affiliates, or independent brokers:

<u>Name</u> <u>Address</u>

1. ____

2. ____

3. ____

[Insert additional names and addresses below if needed]

27. I signed the ____________ Agreement and Addenda (if any) on ____________, 201___, and acknowledge that no Agreement or Addendum is effective until signed and dated by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing to us that you have responded truthfully to each of the above questions.

FRANCHISE APPLICANT

____
Signed

____
Printed Name

______________________________, 201________
Date

EXHIBIT M
GENERAL RELEASE

The following is our current general release that we expect to require a franchisee and/or transferor to sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

THIS GENERAL RELEASE (the "**Release**") is made and entered into on this _______day of ____ ____________, 201__ (the "**Effective Date**"), by and between:

- Studio Barre Franchising LLC a California limited liability company ("**Franchisor**"); and

- ____

a [resident of] [corporation organized in] [limited liability company organized in] ______________ [("**Franchisee**")] [("**Transferor**")].

BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated _________________ (the "**Franchise Agreement**");

B. Franchisor and Franchisee have agreed, pursuant to the Franchise Agreement, [to renew or extend Franchisee's rights under the Franchise Agreement (the "**Renewal Transaction**")] [to permit a transfer or assignment of ______________ pursuant to Section 16 of the Franchise Agreement (the "**Transfer Transaction**")], and in connection with the [Renewal Transaction] [Transfer Transaction], Franchisor and [Franchisee] [Transferor] have agreed to execute this Release, along with such other documents related to the approved [Renewal Transaction] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. Release. [Franchisee] [Transferor], its officers and directors, its owners, and their respective agents, heirs, administrators, successors and assigns (the "**Franchisee Group**"), hereby forever release and discharge, and forever hold harmless Franchisor, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors and assigns (the "**Franchisor Group**") from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership or operation of the Studio. The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation and travel and living expenses, which any member of the Franchisor

Group may suffer with respect to any claims or causes of action which any customer, creditor or other third party now has, ever had, or hereafter would or could have, as a result of, arising from or relating to the Franchise Agreement or the Studio. The Franchisee Group and its owners represent and warrant that they have not made an assignment or any other transfer of any interest in the claims, causes of action, suits, debts, agreements or promises described herein.

Each member of the Franchisee Group expressly waives and relinquishes all rights and benefits that she/he may now have or may in the future have under and by virtue of California Civil Code Section 1542. Each member of the Franchisee Group understands the significance and consequence of such a specific waiver. (Section 1542 provides that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.") For the purpose of implementing a general release and discharge as described in above, each member of the Franchisee Group expressly acknowledges that this Release is intended to include in its effect, without limitation, a release of all claims described above, including those which the parties do not know or suspect to exist in their favor at the time of signing this Release, and that this Release contemplates that any such claims will be permanently extinguished.

2. <u>General Terms</u>.

2.1. This Release will be binding upon, and inure to the benefit of, each party's respective heirs, representatives, successors, and assigns.

2.2. This Release will take effect upon its acceptance and execution by each of the parties hereto.

2.3. This Release may be executed in counterparts, and signatures exchanged by fax, and each such counterpart, when taken together with all other identical copies of this Release also signed in counterpart, will be considered as one Release.

2.4. The captions in this Release are for the sake of convenience only, and will neither amend nor modify the terms hereof.

2.5 The parties agree that all actions arising under this Release must be commenced in the state or federal court of general jurisdiction in California, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Release will be interpreted and construed under the laws of the State of California. In the event of any conflict of law, the laws of the State of California will prevail (without regard to, and without giving effect to, the application of California conflict of law rules).

2.6. This Release constitutes the entire, full, and complete agreement between the parties concerning the subject matter hereof, and supersedes all prior agreements and communications concerning the subject matter hereof. No other representations have induced the parties to execute this Release. The parties agree that they have not relied upon anything other than the words of this Release in deciding whether to enter into this Release.

2.7. No amendment, change, or variance from this Release will be binding on either party unless in writing and agreed to by all of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Release in duplicate on the day and year first above written.

Studio Barre Franchising LLC Franchisor	______________________________
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Title:_____________________________

EXHIBIT N

Receipts

ITEM 23 • RECEIPT
(Exhibit N)

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 Studio Barre Franchising LLC offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or

(b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale; or

(c) Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Studio Barre Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit D.

The franchisor is Studio Barre Franchising LLC, located at 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010, telephone (760) 692-4752. The franchise seller is Shannon Higgins at Studio Barre Franchising LLC's offices, 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010, telephone (760) 692-4752. Any additional individual franchise sellers involved in offering the franchise are: ____________
____.

The issuance date of this Franchise Disclosure Document is April 25, 2018.

Studio Barre Franchising LLC authorizes the agents listed in Exhibit E to receive service of process for us.

I have received a Franchise Disclosure Document dated April 25, 2018, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following exhibits:

A	Franchise Agreement and Related Exhibits	H	Studio Barre Franchising LLC's Financial Statements
B	Area Development Agreement		
C	Deposit Agreement	I	Table of Contents for Manual
D	List of Administrators	J	State-specific Disclosures
E	Agents for Service of Process	K	State-specific Amendments to Agreements
F	List of Current and Former *Studio Barre* Franchisees	L	Franchise Compliance Certification
		M	General Release
G	List of Company-Owned *Studio Barre* Businesses	N	Receipts (2 copies)

By: ______________________________
Prospective Franchisee

______________________	______________________
Printed Name	Date Received
Street Address: ______________	E-mail Address: ______________
______________________	Home Phone #: ______________
______________________	Mobile Phone #: ______________

ITEM 23 • RECEIPT
(Exhibit N)

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 Studio Barre Franchising LLC offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale; or

(b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale; or

(c) Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Studio Barre Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Exhibit D.

The franchisor is Studio Barre Franchising LLC, located at 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010, telephone (760) 692-4752. The franchise seller is Shannon Higgins at Studio Barre Franchising LLC's offices, 3141 Tiger Run Court, Suite 103, Carlsbad, California 92010, telephone (760) 692-4752. Any additional individual franchise sellers involved in offering the franchise are: ___________
____.

The issuance date of this Franchise Disclosure Document is April 25, 2018.

Studio Barre Franchising LLC authorizes the agents listed in Exhibit E to receive service of process for us.

I have received a Franchise Disclosure Document dated April 25, 2018, and with effective dates of state registration as listed on the State Effective Dates Page. This Disclosure Document included the following exhibits:

A	Franchise Agreement and Related Exhibits	H	Studio Barre Franchising LLC's Financial Statements
B	Area Development Agreement	I	Table of Contents for Manual
C	Deposit Agreement	J	State-specific Disclosures
D	List of Administrators	K	State-specific Amendments to Agreements
E	Agents for Service of Process	L	Franchise Compliance Certification
F	List of Current and Former *Studio Barre* Franchisees	M	General Release
G	List of Company-Owned *Studio Barre* Businesses	N	Receipts (2 copies)

By: ______________________________
Prospective Franchisee

____
Printed Name

____
Date Received

Street Address: ______________________________
____
____

E-mail Address: ______________________________
Home Phone #: ______________________________
Mobile Phone #: ______________________________