FRANCHISE DISCLOSURE DOCUMENT

TA FRANCHISE, LLC

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Franchisor:

TA Franchise, LLC
A Delaware limited liability company
241 E. 59th Street
New York, New York 10022
646-902-6975
franchise@tracyandersonmethod.com
www.tracyanderson.com

TA Franchise, LLC offers franchises for the operation of a boutique fitness studio featuring the proprietary Tracy Anderson® Method fitness program (a **"Studio"**).

The total investment necessary to begin operation of a new Studio ranges from $1,337,500 to $2,952,500. This includes between $135,000 and $150,000 that must be paid to the franchisor or its affiliate.

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

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Steve Yacht at franchise@tracyandersonmethod.com (Tel. 646-902-6975).

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.

This Disclosure Document was issued on April 28, 2026.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in New York. 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 New York than in your own state.

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

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

4. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

<u>THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW</u>

Pursuant to the provisions of the Michigan Franchise Investment Law, MCL 445.1501, et. seq., TA Franchise, LLC provides the following notices and disclosures to potential franchisees in the State of Michigan:

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 of 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

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

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

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

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

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

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

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement 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 franchisee 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 franchisee 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 THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice shall be directed to the Department of Attorney General, Corporate Oversight Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 335-7567.

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EXHIBITS

ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

General. To simplify the language in this Disclosure Document, **"we"** means TA Franchise, LLC, the franchisor. "**You"** or **"Franchisee"** means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability, or any other type of entity (an **"Entity"**). If you are an Entity, each individual with direct or indirect ownership interest shall be referred to as an **"Owner."**

We are a Delaware limited liability company that was organized on January 25, 2023. Our principal business address is 241 E. 59th Street, New York, New York 10022. If we have designated agents for service of process in other states, they are listed in Exhibit C. We conduct business under the name TA Tracy Anderson®. We began offering TA Tracy Anderson® franchises in August 2023. We have never offered any other franchises in any other line of business. We have not operated a business of the type that we offer under this Disclosure Document. In the past ten years, we have not had any predecessors.

Our parent, Tracy Anderson Mind and Body, LLC ("**TAMB**"), is a Delaware limited liability company with a principal office located at 241 E. 59th Street, New York, New York 10022. TAMB owns the intellectual property rights to the TA Tracy Anderson® concept and has licensed us the right to use and sublicense such rights. TAMB also operates, through subsidiaries, affiliate-owned Studios that are substantially similar to the franchises that we offer under this Disclosure Document, which we refer to as "**Affiliate-Owned Studios**." In addition to the Studios referenced in Item 20, TAMB has one licensee in London, England, that began operating a studio using the TA Tracy Anderson® concept in 2025.

We have entered into a management agreement with TAMB for it to provide our franchisees with certain support and services that we are obligated to provide under the franchise agreements that we sign with our franchisees (the "**Franchise Agreement**"). TAMB also acts as our franchise sales agent. As the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of whether TAMB performs these services on our behalf.

Our affiliate, TracyAnderson.com, LLC ("**TA.com**"), is a Delaware limited liability company with a principal office located at 241 E. 59th Street, New York, New York 10022. TA.com supplies our franchisees with the Opening Package (as defined below in Item 5) and replacement retail products and equipment.

Other than as specified above, none of our affiliates provide products or services to our franchisees, and none of our affiliates offer or have offered franchises in any line of business.

The Business and Franchises Offered. We are offering, under the terms of this Disclosure Document, the opportunity to become a franchisee of the TA Tracy Anderson® franchise (the "**Franchise**") with rights to develop and operate a TA Tracy Anderson® studio (a "**Studio**"). Studios offer memberships to permit customers to access customized fitness and wellness programs using the Tracy Anderson Method. Studios feature a group class schedule, as well as customized programs that are tailored to the needs of individual members. Among other distinctive elements, Studios feature a proprietary Super G Floor system and an Iso-Kinetic Band system.

A Studio operates under the TA Tracy Anderson® mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the **"Marks"**). We may designate other trade names, service marks, and trademarks as Marks and may change the Marks at any time.

Studios must follow a prescribed system of specifications and operating procedures that TAMB has developed and will continue to develop (the **"System"**). The distinguishing characteristics of the System include, without limitation, the Studio designs, including their look, feel and smell, construction specifications, layouts, and identification schemes (collectively, the **"Trade Dress"**); proprietary equipment and fixtures, including the Super G Floor and Iso-Kinetic Band systems; climate control standards; specifications for equipment, inventory, and accessories; a website or series of websites for the Studios and the online training programs; relationships with vendors; software and computer programs; reservation procedures and system; fitness and training programs that TAMB has developed and continues to develop, including exercise modalities, sequences, and equipment; the accumulated experience reflected in the Tracy Anderson Method, operating procedures, customer service standards, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements ("**System Standards**") set out in our operations manuals ("**Manuals**") and otherwise in writing. We may periodically change, improve, add to, and further develop the Manuals and elements of the System.

If we grant you a Franchise, you must develop and operate the Studio in accordance with our Franchise Agreement. Our current form of Franchise Agreement is included as **Exhibit A** attached to this Disclosure Document.

Competition. The general market for exercise and fitness studios is well-established and competitive, but the market for boutique fitness studios continues to evolve and grow. Studios will compete with national, regional, and local health clubs, gymnasiums, and other fitness and workout studios and programs.

Industry-Specific Regulations. You will have to comply with laws and regulations that are applicable to business generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements). In addition, you will have to comply with laws and regulations applicable to fitness facilities, fitness instructors, and health clubs, which may include laws and regulations requiring training to use and maintain safety equipment such as automated external defibrillators; requiring you to maintain licenses or permits pertaining to food at your Studio; requiring training and certification in cardio pulmonary resuscitation (CPR); requiring disclosures and health warnings for weight loss programs, medical claims related to nutritional products, and other FDA-regulated products; requiring postings concerning steroids and other drug use; requiring certain medical equipment in the facility; requiring registration of the facility; limiting the supplements that facilities can sell; requiring bonds if a facility sells memberships valid for more than a specified time period; requiring facility owners to deposit into escrow certain amounts collected from members before the facility opens (so-called "presale" memberships); imposing other restrictions on memberships that facilities sell and related fees; requiring specific financial disclosures to customers; and requiring compliance with other consumer protection requirements.

Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements in your jurisdiction. You should consult with your attorney about laws and regulations that may affect your Studio.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer – Steven Beltrani

Steven has served as our Chief Executive Officer since January 2026. He served as our President, Communications and Brand from our inception in January 2023 to January 2026. He has also served President, Communications and Brand for TAMB since September 2021. From February 2013 to August 2021, he served as Chief Communications Officer for TAMB. Steven serves in his present capacities in New York, New York.

Chairman – Chris Asplundh Jr.

Chris has served as our Chairman since our inception in January 2023. He has also served as Chairman of TAMB since May 2021. Since 1992, he has also served as Executive Vice President of Asplundh Tree Expert Co. in Willow Grove, Pennsylvania. Chris serves in his present capacities in New Hope, Pennsylvania.

President, Talent Development and Content – Maria Kelling

Maria has served as our President, Talent Development and Content since our inception in January 2023. She has also served as President, Talent Development and Content for TAMB since September 2021. From January 2010 to August 2021, she served as Chief Training Officer for TAMB. Maria serves in her present capacities in Los Angeles, California.

Chief Operating Officer and Chief Financial Officer – Steve Yacht

Steven has served as our Chief Operating Officer and Chief Financial Officer since September 2025. From June 2025 to September 2025, he was in between positions. From January 2016 to June 2025, he served as the Managing Director and Chief Executive Officer of Critical Business Measures, LLC in Denver, Colorado. From March 2024 to June 2025, he was the VP Accounting/Controller for Sun Theory Holding Co. in Denver, Colorado. From January 2021 to February 2024, he was an Accounting Practice Director for McNurlin, Hitchcock and Associates CPA in Lakewood, Colorado. Steven serves in his present capacities in New York, New York.

Operations Manager – Rebecca Stephens

Rebecca has served as our Operations Manager since October 2025. She served as our Executive Assistant from May 2025 to October 2025, and as our Assistant from December 2023 to May 2025 in New York, New York. From November 2020 to May 2025, she was part of the accounting staff for Homestead Financial Mortgage in Chesterfield, Missouri.

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

The initial franchise fee (the **"Franchise Fee"**) for a single Studio is $50,000 and is due upon execution of the Franchise Agreement.

In 2025, the Franchise Fees that we collected were each $50,000.

In addition to the Franchise Fee, you must pay us an initial opening package fee that will range between $85,000 and $100,000 (the "**Opening Package Fee**") upon execution of the Franchise Agreement for the cost of providing an opening package of equipment and an initial supply of inventory (the "**Opening Package**"). We will specify the price of the Opening Package prior to your execution of the Franchise Agreement based on the size and capacity of your Studio and our then-current requirements. Currently, the Opening Package includes branded weights, branded yoga mats, HeartStone weighted energy trainers, MYMODE equipment, growth rings, and a selection of retail inventory, but we may change the items from time to time. You may be required to purchase or choose to purchase additional products or equipment from us, our affiliates, or our designated vendors prior to opening your Studio for an additional fee. We have no obligation to refund the Opening Package Fee, in whole or in part, for any reason.

If you do not secure a mutually agreed upon site (the **"Site"**) within 90 days after the effective date of the Franchise Agreement (the **"Site Acquisition Deadline"**) and we approve your request, you must pay us a Site Acquisition Deadline extension fee equal to $1,500 for each month (or portion of a month) for which the Site Acquisition Deadline is extended. If you do not open your Studio within 270 days after the effective date of the Franchise Agreement (the **"Opening Deadline"**) and we approve your request, you must pay us an Opening Deadline extension fee equal to $2,500 for each month (or portion of a month) for which the Opening Deadline is extended. We may require you to execute a general release as a condition for us agreeing to such extensions.

The fees described in this Item 5 are not refundable under any circumstances, and, except as described above, are uniform for all franchisees and must be paid in a lump sum.

ITEM 6 OTHER FEES

OTHER FEES (Note 1)

Type of Fee	Amount	Due Date	Remarks
Royalty Fees (2)	7% of Gross Revenue	Monthly on the 5th business day after end of month (the "**Payment Date**")	See Note 2 for the definition of Gross Revenue.
Brand Fund Fee (2)	3% of Gross Revenue	Monthly on the Payment Date	The Brand Fund Fee will be contributed to the TA Tracy Anderson® Brand Fund (the "**Brand Fund**"). See Note 2 for the definition of Gross Revenue.
Minimum Marketing Spending Requirement	A minimum of 1% of Gross Revenue per quarter	As incurred	In addition to your Brand Fund Fee, you must spend a minimum of 1% of your Gross Revenue per quarter on local advertising and promotional activities, which shall be payable directly to third party vendors. If you fail to pay the required amount in any quarter, we may require you to pay us the

Type of Fee	Amount	Due Date	Remarks
			shortfall as an additional Brand Fund Fee or to pay us the shortfall for us to spend on local marketing for your Studio.
Cooperative Advertising Fee	Currently, not collected. Amount of fee, if advertising cooperatives are formed in your market, will be determined by the cooperative.	As incurred	If we form an advertising cooperative in your market, the members of the cooperative, which may include company-owned Studios, will determine any fees to be contributed, which will be in addition to the Brand Fund Fee and minimum marketing spending requirement. As we have not established any cooperatives or the bylaws for any cooperatives, there are currently no restrictions on the amount of such fees.
Technology Fee	Currently, not collected. Amount of fee, if implemented, will vary based on products or services developed or provided but will not exceed 110% of our actual costs and expenses for such products or services.	Monthly on the Payment Date	We currently do not collect the Technology Fee, but we may implement or change the fee at any time upon 30 days' written notice to you. The Technology Fee may include fees for various technology products or services that we or a designated third party will develop or provide, which could include items such as software, our intranet, our mobile apps, our websites, and our reservation system. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee and the fee will vary based on the cost of the products or services developed or provided.
Successor Fee	10% of the then-current Franchise Fee	Upon execution of successor franchise agreement	Payable if you sign a successor franchise agreement at the end of the initial term of your Franchise Agreement.
Transfer Fee	For any transfer resulting in a change of control: 75% of the then-current Franchise Fee. For non-control transfers and transfers to entities for the convenience of ownership: $2,500.	Upon closing of such transfer, with a non-refundable $2,500 deposit due upon requesting approval of a transfer	No Transfer Fee is due for transfers upon death or incapacity. The Transfer Fee is subject to state law.

Type of Fee	Amount	Due Date	Remarks
Late fee and interest	10% per annum or maximum interest rate allowed by law (whichever is less) from due date to date of payment, plus $100 for each week that a payment is paid after the due date for the payment specified	When amount owed becomes past due	Required whenever a payment to us is made after its due date. We may increase the late fee upon 60 days' prior written notice, but the fee will not be increased more than once in any 12-month period and will not exceed $200 per week.
Relocation Fee	40% of the then-current Franchise Fee	Upon demand	Payable upon our approval of your request to relocate your Studio from the Site to a new location
Initial Training fee for additional or replacement trainees	Currently, $500 per trainee per day (subject to change by 60 days' written notice, provided it will not exceed $1,000 per trainee per day)	Within 10 days of receipt of an invoice	We will provide our initial training program ("**Initial Training**") to three trainees as part of the Franchise Fee. We reserve the right to charge a fee for training (i) more than three trainees, even if they attend the same training session, (ii) persons who are repeating the course or replacing a person who did not pass, and (iii) subsequent trainees who attend the course.
Additional training programs	Varies based on program	Within 10 days of receipt of an invoice	We may charge you a fee for optional or required training programs that we may provide.
In-person consulting services or remedial training	Currently, $500 per employee or agent for each full or partial day, plus their travel and living expenses	Within 10 days of receipt of an invoice	Payable if we provide requested consulting services in person at a place other than our offices or we assign trainers to your Studio to retrain your Required Trainees and restore service levels. We may change this fee periodically upon 60 days' written notice, provided that the fee will not exceed $1,000 per employee or agent for each full of partial day, plus their travel and living expenses.
Management Fee	3% of the Studio's Gross Revenue during the period of management, plus our direct out-of-pocket costs related to such management (including the travel and living expenses of our representatives)	Within 10 days of receipt of an invoice	Payable if we exercise our right to manage your Studio after a default or after the death or incapacity of your Operating Principal.

Type of Fee	Amount	Due Date	Remarks
Mandatory seminars, conventions or programs	Currently, a registration fee of up to $800 for each attendee, which we may increase up to $2,000 per attendee	Prior to attending the event	Payable for any of your representatives who attend any conventions, meetings, demonstrations, and teleconferences that we host. The cost may vary from event to event. You are responsible for the travel and living expenses of you and your employees. The number of events and the number of events that will require travel may vary from year to year. If you or your representatives fail to attend any required event, we may require you to pay the registration fee plus $500 for each absent required attendee that was not excused by us.
Product, service, supplier, and service provider review	Our cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs	Upon demand	Payable if you wish to offer products or use any supplies, equipment, or services that we have not approved or wish to purchase from a supplier or service provider that we have not approved, whether or not we approve the item, service, supplier, or service provider.
Insurance Reimbursement	Cost of the premium plus a fee for our services in procuring the insurance (currently $500, which we may increase up to $1,000)	Upon demand	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you.
Mystery shopper program	Actual cost and expenses of engaging mystery shoppers, plus a fee, as defined in the Manuals, if we engage the mystery shoppers on your behalf (currently $250 per occurrence)	Upon demand	We have the right to establish a mystery shopper-type program and to set fees associated with such program, provided that the fee will not exceed $500 per occurrence.
Audit	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses	Within 10 days of demand	Payable if audit or review shows an understatement of Gross Revenue for the audited or reviewed period of 2% or more.

Type of Fee	Amount	Due Date	Remarks
Inspection	Our actual costs and expenses incurred in inspecting your business (ourselves, through our employees, or agents), including travel and living expenses, wages, and other expenses for our employees	Upon demand	Payable if inspection is necessitated by your repeated or continuing failure to comply with any provision of the Franchise Agreement.
Remedial expenses	Our actual costs and expenses incurred in correcting your operational deficiencies	Upon demand	Payable if we correct deficiencies that we have identified during a Site inspection and that you failed to correct within a reasonable time, not to exceed 30 days, after notice from us.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including our attorneys' fees)	Upon demand.	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Studio
Enforcement expenses	Our actual costs and expenses of de-identifying your Studio	Upon demand	Payable if your Franchise Agreement expires or is terminated, you fail to de-identify your Studio, and we take steps to do so.

NOTES:

1. All fees in the table above are imposed by us, payable to us or our affiliates, non-refundable, and uniformly imposed. You must use the payment methods we designate. You must furnish us and your bank with any necessary authorizations to make payment by the methods we require.

2. **"Gross Revenue"** means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you provide the products or services in exchange for the revenue. If you receive proceeds from any business interruption insurance applicable to loss of revenue at the Studio, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure [1]	Low Estimate	High Estimate	Method of Payment	When Due	To Whom Payment Is Made
Franchise Fee	$50,000	$50,000	Lump sum	On signing	Us
Opening Package [2]	$85,000	$100,000	Lump sum	On signing	Us
Lease, utility & security deposits [3]	$30,000	$500,000	As incurred	As incurred	Landlord or utility companies
Design & architectural fees [4]	$35,000	$75,000	As incurred	As incurred	Vendors, us, or affiliates
Leasehold improvements [5]	$750,000	$1,500,000	As incurred	As incurred	Contractor
Furniture, fixtures & improvements [6]	$25,000	$50,000	As incurred	As incurred	Contractor or vendors
Signage [7]	$5,000	$25,000	As incurred	As incurred	Vendors
Studio occupancy (3 months) [8]	$60,000	$120,000	As incurred	As incurred	Landlord
Technology System [9]	$55,000	$85,000	As incurred	As incurred	Vendors
Other equipment [10]	$40,000	$60,000	As incurred	As incurred	Vendors
Office equipment & supplies [11]	$10,000	$20,000	As incurred	As incurred	Vendors
Business licenses & permits [12]	$25,000	$50,000	As incurred	As incurred	Government agencies
Initial inventory [13]	$10,000	$20,000	As incurred	As incurred	Vendors or us
Insurance [14]	$ 7,500	$12,500	As incurred	As incurred	Vendors
Training expenses [15]	$25,000	$35,000	As incurred	As incurred	Airlines, hotels and salaries of your employees
Grand opening advertising [16]	$25,000	$50,000	As incurred	As incurred	Vendors
Additional funds (3 months) [17]	$100,000	$200,000	As incurred	As incurred	Vendors, landlord and employees
TOTAL ESTIMATED INITIAL INVESTMENT	$1,337,500	$2,952,500			

Notes:

1. Type of Expenditure. The amounts provided in this Item 7 include costs you will incur to start your business. These estimates are based upon our experience developing Affiliate-Owned Studios in the Hamptons, Manhattan, and Los Angeles. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. We and our affiliates do not offer direct or indirect financing for any part of the initial investment.

2. Opening Package. The Opening Package currently includes branded weights, branded yoga mats, HeartStone weighted energy trainers, MYMODE equipment, growth rings, and a selection of retail inventory, but we may change the items from time to time. The amount of the Opening Package fee will be determined based on the size and capacity of your Studio and our then-current requirements.

3. Lease, Utility & Security Deposits. This estimate includes prepaid rent and deposits payable to the landlord and any deposits on utilities required to open the Studio. This also includes rent for the pre-opening period and first three months of operation. These amounts will vary based on your location, the terms of your lease, and your negotiations with the landlord.

4. Design & Architectural Fees. The estimate includes the cost of engaging an architect to adapt for the Site our standard plans and specifications for a Studio. This estimate also includes costs related to the drafting, shipping, and printing of such plans and costs related to graphics for your Studio. This estimate does not include site-specific structural, seismic, and acoustical engineering designs, plans and drawings. Your costs will vary depending upon the location of the Site, its condition, your negotiations with the architect and landlord, and the need for additional designs, plans, and drawings, if applicable.

5. Leasehold Improvements. Leasehold improvements include electrical, carpentry, our Super G Floor system and other floor coverings, painting materials, and labor for a 3,000 to 6,000 square foot Studio, including the cost of engaging a general contractor. The cost of a general contractor may vary depending on the size and condition of the premises, whether there are any existing and comparable leasehold improvements in the premises, the extent and quality of improvements you desire over and above our minimum requirements, your landlord's cash contribution to the cost of the improvements (if any), and the local costs of materials and labor.

6. Furniture, Fixtures & Improvements. This estimate includes the furniture, fixtures, and equipment to be used in the Studio, including cabinetry, retail displays, lockers, benches, lighting systems, climate systems (which must be capable of maintaining our temperature and humidity requirements), reception desk, and office furniture.

7. Signage. This estimate includes the cost of outdoor and indoor signage.

8. Studio Occupancy (3 months). This estimate includes a lease deposit and rent for 3 months for a standard 3,000 to 6,000 square foot Studio. Your actual rent will depend on the square footage, location, visibility, accessibility, condition, and other physical characteristics of your Studio, as well as local market conditions and demand. You should consult with a local commercial real estate broker to get an estimate of costs in your market. If you choose to purchase rather than rent a site for the Studio, we cannot estimate your expenses, since numerous variables affect the value of a particular piece of real estate.

9. Technology System. This estimate includes the cost of acquiring and installing the Technology System, which is defined and described in greater detail in Item 11, as well as software license fees for 3 months.

10. Other Equipment. This estimate includes the cost of additional exercise equipment and accessories required to operate the Studio that are not provided in the Opening Package, such as step platforms.

11. Office Equipment & Supplies. This estimate includes your telephone system, security system, video cameras, cleaning supplies, and other ancillary items used in the operation of the Studio.

12. Business Licenses & Permits. This estimate includes the cost of acquiring business licenses and permits, which will vary depending upon your Studio's location.

13. Initial Inventory. This estimate covers the cost of your initial inventory of merchandise which you must offer for sale to your customers, such as water and a mix of branded apparel.

14. Insurance. You must secure and maintain insurance for your business. The required types and levels of insurance coverage are maintained in the Manuals. This estimate is for your insurance premium deposit and your first three months of insurance coverage, which may be paid prior to opening. You will need to check with your insurance carrier for actual premium quotes and costs, as well as for the actual amount of the deposit. The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of the deductibles and of coverage, and other factors beyond our control. See Item 8.

15. Training Expenses. Training expenses include the cost for an Owner with at least a 10% ownership interest in your Entity (the "**Operating Principal**"), a manager that will be trained to manage the day-today business of your Studio, who may also be the Operating Principal (the "**Studio Manager**"), and a head trainer to lead the implementation of workouts and train your other trainers (the "**Training Manager**") to attend our pre-opening training program at an approved training location, which will be in New York, New York. You are responsible for the travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training. The actual cost will depend on your point of origin, method of travel, class of accommodations, and dining choices.

16. Grand Opening Advertising. You are required to spend a minimum of $25,000 on marketing and advertising designed to promote your Studio beginning 120 days before, and ending 30 days after, the opening of your Studio. A portion of these monies will be focused on the pre-sale of memberships prior to opening, social media, signage at the location as it is under construction, and other strategies that we approve. We may require you to use a public relations firm to assist with your grand opening, which is included in this expense. Your cost may be higher based on the length of time you wish to run opening promotions or any additional marketing spending you may choose to undertake.

17. Additional Funds (3 months). This estimates the additional funds you may need to cover expenses you will incur before your Studio opens and in its first three months of operation. These expenses may include employee salaries, wages, and benefits, payroll taxes (including payroll to cover the pre-opening training period for your staff), legal and accounting fees, Royalty Fees, Brand Fund Fees, Technology Fees, additional advertising expenses, additional inventory, miscellaneous supplies and equipment, bank charges, state tax and license fees, deposits,

prepaid expenses, and other miscellaneous items. This estimate does not include distributions to your owners. We have based these figures on our affiliates' experience operating Affiliate-Owned Studios.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications and Source Restrictions. We may require you to purchase the furniture, fixtures, signs, and equipment (the **"Operating Assets"**) and products, supplies, and services that you purchase for resale or purchase or lease for use in your Studio in accordance with our specifications (which may include minimum standards or a specific brand, kind, or model) and/or our sourcing requirements (which may include multiple approved sources or a single designated source, which may be us, our affiliates, or a buying cooperative organized by us or our affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals. We may, at any time, in our discretion, change, delete, or add to any of our specifications or quality standards. Such modifications, however, will generally be uniform for all franchisees. We will notify you of any changes to our Manuals, specifications, or standards in writing, which we may transmit to you electronically.

You may offer to customers only the products, services, workout content, and classes we approve in writing. In addition, you must offer the specific products, services, workout content, and classes that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products, services, workout content, and classes as optional or mandatory. You must offer all products, services, workout content, and classes that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand if we have not prescribed specific standards).

Currently, we require you to exclusively purchase your Opening Package and replacement equipment and retail inventory from TA.com. We require you to purchase a Super G Floor system from our designated vendor, which you must also use for installing the flooring system.

Currently, we require you to contract with MindBody to access our designated reservation system and customer relationship management database. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements.

TA.com is currently our only affiliate that is an approved supplier, though we reserve the right to require you to purchase additional items from us or our affiliates in the future. Two of our officers own an interest in us and TA.com. Our officers do not own an interest in suppliers other than us and our affiliates.

Insurance. You must obtain and always maintain the types of insurance and the minimum policy limits specified in the Manuals using insurance carriers that are rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). The insurance policy or policies must include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified by us periodically), in accordance with our written standards and specifications, the following:

General Liability	\$1,000,000 each occurrence \$3,000,000 annual aggregate \$1,000,000 products-completed operations \$1,000,000 personal and advertising injury \$ 250,000 damage to premises rented to you
Professional Liability	\$1,000,000 each occurrence \$3,000,000 annual aggregate
Umbrella	\$5,000,000 aggregate
Hired and Non-Owned Auto	\$1,000,000 combined single limit
Workers' Compensation	\$1,000,000 each accident \$1,000,000 each disease – policy limit \$1,000,000 each disease – each employee
Property	Full replacement cost on all business personal property
Employment Practices Liability	\$1,000,000 (including third-party liability)
Cyber Liability	\$1,000,000 aggregate
Crime	\$1,000,000 aggregate

Approval Process. If you would like to offer products or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. Proposed suppliers may be required to come to our offices in New York, New York for us to make an evaluation. You must pay us an amount not to exceed our actual cost of inspecting and/or testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether the item, service, supplier, or service provider is approved. If we specify criteria for our approval of such goods, services, or vendors, we will publish them in the Manuals. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation (within 90 days). If you do not receive our approval within 90 days after submitting all the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other studios.

We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider at and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If we revoke approval of a previously approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly approved inventory as we direct.

Proportion of Purchases Subject to Specifications. We estimate that the cost to purchase and lease all equipment, inventory and other items and services that we require you to obtain from us or our affiliates, from designated suppliers, or in accordance with our specifications ranges from 65% to 85% of the total cost to purchase and lease equipment, inventory, and other items necessary to establish a Studio and 50% to 75% of the total cost to purchase and lease equipment, inventory, and other items to operate a Studio.

Revenue from Purchases. We or our affiliates may, and intend to, receive revenues or profits or other material consideration from the purchases you make from us, our affiliates, or from other approved suppliers. We or our affiliates may retain any rebates or other payments we receive from suppliers without restriction.

In our 2025 fiscal year, we received $78,287 in revenue from required purchases of products by franchisee, which was 41.8% of our total revenue of $187,033. We derived these figures from our audited financial statements.

Cooperatives and Purchase Arrangements. We are not involved in any purchasing or distribution cooperatives. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of franchisees. As of the issuance date of this Disclosure Document, we have not negotiated any such arrangements.

Material Benefits. We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
a.	Project management and site acquisition/lease	4.1 and 4.2	11
b.	Pre-opening purchases/leases	4.3, 6.8, and 6.10	6,7, 8 and 11
c.	Site development and other pre-opening requirements	4.2 and 4.3	7, 8 and 11
d.	Initial and ongoing training	5	6, 7 and 11
e.	Opening	4.5	6 and 11
f.	Fees	3, 4.4, 4.5, 5, 6.2(c), 6.10(b), 6.11(a), 6.14, 7.2(a), 7.3, 8.4, 8.5, 8.6, 13.4, 13.5, 13.6, 13.8, 14.2(b)(vi), 15.1, and 16.10	5, 6, 7 and 11
g.	Compliance with standards and policies/Operations Manual	5.4, 5.5, 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.10, 6.12, 7.3, 7.6, 8.4, 8.5, 8.6, 10.3, and 13.4	7, 8, 11, 13, 14, 15 and 16

	Obligation	Section in Franchise Agreement	Disclosure Document Item
h.	Trademarks and proprietary information	9 and 10	13, 14 and 17
i.	Restrictions on products/services offered	6.6, 6.7 and 6.8	8 and 16
j.	Warranty and customer service requirements	6.11 and 8.6	8 and 16
k.	Territorial development and sales quotas	6.4	12
l.	Ongoing product/service purchases	6.8 and 6.10	8 and 16
m.	Maintenance, appearance and remodeling requirements	6.5	7, 8 and 11
n.	Insurance	6.12	7 and 8
o.	Advertising	3.3 and 7	6, 7, 8 and 11
p.	Indemnification	11	6
q.	Owner's participation/ management/staffing	1.4, 1.5, and 6.2	11 and 15
r.	Records and reports	8.1, 8.2, and 8.3	6 and 17
s.	Inspections and audits	8.4, 8.5, and 8.6	6 and 11
t.	Transfer	13	6 and 17
u.	Renewal	2.2	17
v.	Post-termination obligations	15	17
w.	Non-competition covenants	12 and 15.9	17
x.	Dispute resolution	16	17

ITEM 10 FINANCING

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

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

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

Our Pre-Opening Obligations

For all Franchise Agreements, before you begin operating your Studio:

1. Designate Areas. You may purchase a Franchise to develop and operate one Studio at a mutually agreed upon Site within an area ("**Site Selection Area**") that we will specify in the Franchise Agreement that we and you will execute. Under the Franchise Agreement, you have no right to use the Marks or the System at any location other than the Site or to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution other than the operation of the Studio at the Site. We will designate your Site Selection Area. (Franchise Agreement - Section 1.1).

2. Review and Accept Site. If you identify a site in the Site Selection Area on your own that is reasonably suited for the conduct of the Studio and is consistent with any site selection guidelines that we may provide, before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require. We will review each site and determine whether to accept it using our proprietary site selection assistance criteria. We will conduct such on-site evaluation as we consider necessary and appropriate as part of our evaluation. We are not required to complete our review within a certain period of time. In addition to certain demographic characteristics, we also consider the following factors in accepting a Studio location: traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. We generally do not own the premises and do not lease sites to franchisees. While we will provide assistance and guidance, it is solely your responsibility to select a suitable site for the Studio. (Franchise Agreement - Section 4.1).

3. Review of Site Lease. Before you make a binding commitment to purchase, lease, or sublease a site, we must approve in writing the proposed lease or purchase agreement or any letter of intent between you and the third-party seller or lessor. You must secure a site that we have accepted by signing a site lease or purchase agreement that we approve in writing by the Site Acquisition Deadline (within 90 days after the effective date of your Franchise Agreement). We may extend this Site Acquisition Deadline in our sole discretion, and we may require you to execute a general release as a condition of us agreeing to grant such extension. If you do not secure a site for your Studio that we accept by the Site Acquisition Deadline, we may terminate the Franchise Agreement. If you lease the site, unless we waive the requirement in writing, you must arrange for the execution of the Lease Rider in the form that is attached as Appendix D to the Franchise Agreement in Exhibit A of this Disclosure Document. We may require you to engage an attorney to review your lease or purchase agreement for the Site that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor. We will not provide you with any legal advice with respect to your lease or purchase of the site. (Franchise Agreement - Section 4.2).

4. Architectural Services. We will make available to your architect a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout. Your architect must adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, climate control systems, and equipment for the Studio. We will review the architectural drawings and specifications for the construction of the Studio showing all leasehold improvements, interior designs, and elevations developed by the architect (collectively **"Plans"**), which we must approve prior to their submission for permitting. (Franchise Agreement - Section 4.3(a))

5. Initial Training. We will provide Initial Training in the System and our policies and procedures to your Operating Principal, Studio Manager, and your Training Manager. See "Training", below in this Item. (Franchise Agreement - Section 5.1)

6. Opening Assistance. Upon your request, we will have a representative provide you with on-site assistance and training at the Studio in the two days before and two days after the opening date of the Studio. You will be responsible for the travel and living expenses of our representative during these five days. (Franchise Agreement - Section 5.2)

7. Manuals. We will provide you with electronic access to our Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect. (Franchise Agreement - Section 6.1(a))

8. Opening Package. TA.com will deliver to you your Opening Package on our behalf. Other than the Opening Package, we do not provide any Operating Assets or other items for the Studio's development directly or deliver or install items. We will provide the names of approved suppliers and/or specifications for some items. (Franchise Agreement - Section 3.8)

9. Grand Opening and Presales. We will provide you with guidance regarding your presales efforts, which must begin 90 days before you open the Studio. We will review your grand opening advertising plan. We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening. (Franchise Agreement - Section 7.3(d))

10. Membership Agreements. We will provide you with templates for membership agreements, certain other agreements, and/or related waivers for use in your Studio, which you must adapt to comply with applicable laws and regulations. We must approve any modified forms of such agreements or waivers. (Franchise Agreement – Sections 5.2 and 6.3(e))

11. Opening Approval. We will approve your Studio opening, provided (i) we have viewed the certificate of occupancy, (ii) confirmed that you have complied with the Plans, and (iii) confirmed that you have complied with the pre-opening obligations set forth in this Agreement and have done so in accordance with our System Standards as set forth in the Manuals. We estimate that the typical length of time between signing a Franchise Agreement and opening your Studio is approximately six to nine months. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a site that we approve; obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; complete construction, remodeling, alteration, and improvement of the Studio, including the installation of fixtures, equipment, and signs; to complete our initial training program; and complete the hiring and training of personnel. Inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors may cause delays in construction. You must open the Studio no later than 330 days after the effective date of the Franchise Agreement and within 240 days after possession of the Site is delivered to you. (Franchise Agreement - Section 4.5).

Ongoing Assistance

During the operation of your Franchise:

1. Review Advertising. We will review any advertising or promotional programs or materials that you develop. (Franchise Agreement - Sections 7.3(b))

2. Brand Fund Management. We will manage the Brand Fund as described below in this Item. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy. (Franchise Agreement - Section 7.2(a))

3. Additional or Remedial Training. We will provide additional training, as described below in this Item. (Franchise Agreement - Section 5.3 and 5.4)

4. Requested Consulting Services. We will provide to you additional consulting services with respect to the operation of the Studio upon your reasonable request and subject to the availability of our personnel at a mutually convenient time. We will make available to you information about new developments, techniques, and improvements in the areas of merchandising, advertising, management, operations, and Studio design. We may provide such additional consulting services through the distribution of printed or filmed material, an intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person. If such services are rendered in person other than at our offices, you must pay us a fee and our expenses. (Franchise Agreement - Section 5.6)

4. Workout Content. We will provide you with workout content on a weekly basis (or on another frequency that we specify) that you must use in your classes in accordance with our directions. (Franchise Agreement - Section 6.6)

5. Relocation Review. We will evaluate sites to which you propose to relocate your Studio in accordance with our then-current real estate requirements. (Franchise Agreement - Section 4.6)

6. Pricing. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing periodically. Currently, we require you to employ a premium pricing strategy that is consistent with the elite level of services that you are required to provide. You must charge members and customers rates equal to or in excess of our minimum pricing schedule, as set forth in Appendix D to the Franchise Agreement and the Manuals, which we may change from time to time in writing. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request. (Franchise Agreement - Section 6.7)

Advertising

Our Marketing. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available for you to purchase approved advertising and promotional materials that we have prepared.

We have conducted advertising for the TA Tracy Anderson® concept, which has primarily consisted of social media and public relations campaigns. We may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

Local Marketing. You must use your best efforts to promote the use of the Mark in your market area. You must participate in such advertising, promotional, and community outreach programs that we may specify periodically, at your own expense. You must spend at least 1% of your Gross Revenue per calendar quarter on local advertising and promotional activities (the **"Marketing Spending Requirement"**). Your Marketing Spending Requirement is in addition to your Brand Fund Fee. We have the right to designate in the Manuals the types of expenditures that will or will not count toward the Marketing Spending Requirement. At our request, you must submit appropriate documentation to verify compliance with the Marketing Spending Requirement. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any quarter, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Brand Fund Fee or to pay us the shortfall for us to spend on local marketing for your Studio.

You must submit to us in writing for our prior approval all sales promotion materials and advertising that have not been prepared by or previously approved by us. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We will have the final decision on all creative development of advertising and promotional messages. We reserve the right to require you to discontinue the use of any advertising or marketing materials.

Grand Opening Advertising. In connection with the opening of the Studio, you must spend a minimum of $25,000 for grand opening advertising and promotion in the 120 days prior to opening the Studio and 30 days after opening the Studio in accordance with a plan that you submit to us. We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening. Any amounts you spend on your grand opening will not be credited toward the Marketing Spending Requirement. You must provide us with supporting documentation evidencing these expenditures upon request.

Brand Fund. We will, though we are not obligated to, establish and maintain the Brand Fund, which is a segregated or independent fund into which all Brand Fund Fees will be paid. We will collect a Brand Fund Fee of 3% of your Gross Revenue from you for contribution to the Brand Fund. We may use monies in the Brand Fund and any earnings on the Brand Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the TA Tracy Anderson® brand or the Studios generally, including advertising campaigns in various media; creation, maintenance, and optimization of websites, apps, and other digital commerce channels or devices designed to attract, retain, serve, and/or otherwise engage customers; keyword or adword purchasing programs; conducting and managing social media activities; direct mail advertising; market research, including secret shoppers and customer satisfaction surveys; branding studies; employing advertising, social media marketing, and/or public relations agencies; developing or purchasing promotional items; conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities; organizing, funding, or operating a charitable foundation or other charitable entities or activities; and providing promotional and other marketing materials and services to our franchisees. We have the right to direct all marketing programs, with the final decision over creative concepts, materials, and media used in the programs and their placement. We do not guarantee that you will benefit from the Brand Fund in proportion to your contributions to the Brand Fund. We have no obligation to spend any amount on advertising in your Territory.

We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises; however, the TA Tracy Anderson® website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities.

We will not use any contributions to the Brand Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Brand Fund activities and retainers and fees for outside agencies). We may use monies in the Brand Fund to pay for an independent audit of the Brand Fund, if we elect to have it audited.

In no event will we be deemed a fiduciary with respect to any Brand Fund Fees we receive or administer. We are not required to have an independent audit of the Brand Fund completed. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 60 days after the close of our fiscal year to franchisees who make a written request for a copy. We reserve the right to dissolve or modify the Brand Fund at any time. The Brand Fund, however, shall not be terminated or dissolved until all monies held in the Brand Fund have been expended for the purposes described in this Agreement.

All Studios operated by us or our affiliates will contribute to the Brand Fund a percentage of their Gross Revenue, on the same basis as required for franchisees. If we reduce the Brand Fund contribution rate for franchisees, we will reduce the contribution rate for company or affiliate-owned Studios by the same amount. Other franchisees may not be required to contribute to the Brand Fund, may be required to contribute to the Brand Fund at a different rate than you, or may be required to contribute to a different Brand Fund.

As of the issuance date of this Disclosure Document, we have not created a Brand Fund and, accordingly, there were no Brand Fund expenditures in our prior fiscal year. Any sums in the Brand Fund at the end of any year shall be applied toward the following years' expenditures.

Digital Marketing. We may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, your Studio, and the entire network of studios. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Studio.

Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Studio or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit your or your employees to conduct Digital Marketing, we will have the right to retain full control over and ownership of all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

You are not authorized to have a website for your Studio or to have a webpage related to your Studio in any third-party website, including social networking sites. As part of our Digital Marketing, we or one of our designees will operate and maintain the TA Tracy Anderson® website, which will include basic information related to the Studio, the ability for customers to purchase classes and private training sessions at your Studio, and access to the Studio's reservation system.

Promotional Programs. You must participate in all promotional programs that we require franchisees to participate in, including in-Studio promotions and corporate or national account programs. You must follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth periodically in the Manuals or otherwise in writing. You must not allow use of gift certificates, gift cards, or coupons (including Groupons, ClassPass, and similar discount programs), unless approved or offered by us or our affiliates.

Advertising Cooperatives. We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple studios, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which we have the right to mandate or approve if and when we form such cooperative. If you join an advertising cooperative, the advertising cooperative may require you to spend additional funds on marketing programs conducted by the advertising cooperative, which may be in addition to your Brand

Fund Fee or Marketing Spending Requirement. If we form an advertising cooperative, we will make any governing documents available to you for your review.

Advertising Councils. We currently do not have an advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement a franchisee advisory council in the future, at which point we will set policies related to such council. If we form a franchisee advisory council, we may appoint members, allow franchisees to elect members, or have a mix of appointed and elected positions. The council may consist of both franchisees and our representatives. Any council will be advisory and will not have any decision-making authority. We will have the right to modify or dissolve any advisory council that we create.

Technology System. You must obtain, maintain, and use the hardware, software, other equipment, and network connections that we specify in the Manuals necessary to operate our point-of-sale system (including, maintenance and service support for the point of sale back-office system) and other technology systems that we designate (collectively, the **"Technology System"**). You must use the Technology System to (i) enter and track purchases, attendance, and membership information, (ii) update inventory, (iii) generate sales reports and analysis relating to the Studio, and (iv) provide other services relating to the operation of the Studio.

The Technology System typically includes two computers, two iPads®, a router, printer, scanner, network connection, receiver, speakers, and other audio-visual accessories. Components of the Technology System must be connected to the Internet via a high-speed Internet connection. The Technology System will use third-party software from our approved vendors. For any proprietary software or third-party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require. Currently, we require you to use and contract with Mindbody, which requires a monthly subscription of approximately $500.

We estimate that the Technology System will cost between $55,000 and $85,000, which includes related installation costs. We currently do not require you to purchase components of the Technology System from an approved or designated vendor.

You must maintain the Technology System at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the Technology System as we may require periodically. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements, but there are no contractual limitations on our right to require changes to the Technology System.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the Technology System. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate will cost less than $2,000 per year but you may incur additional hardware replacement costs during the term of the Franchise Agreement.

You, at all times, must give us and any third parties that we designate unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the Technology System for the purposes of obtaining the information relating to the Studio, including accounting information from accounting software that we specify. You must permit us to download and transfer data via a high-speed Internet connection or such other connection that we specify on a real-time basis. We will have independent, unlimited remote access to all information, data and records in your

Technology System. The Technology System will permit 24 hours per day, 7 days per week electronic communications between us and you. There are no contractual limitations on our right to access data stored in the Technology System.

Manuals

As of the issuance date of this Disclosure Document, the Manuals include 170 pages. The current Table of Contents of the Manuals is attached as **Exhibit D** to this Disclosure Document.

Training

Initial Training. Your Operating Principal, your Studio Manager, and your Training Manager (collectively, **"Required Trainees"**) must personally attend and satisfactorily complete our Initial Training before you open your Studio. Initial Training consists of a Studio Manager training program and a Training Manager training program.

Your Operating Principal and Studio Manager must successfully complete our Studio Manager training program, which includes approximately one week of online training and two weeks of in-person training at Affiliate-Owned Studios that we designate in New York, New York.

Your Training Manager must successfully complete our Training Manager training program, which includes approximately one week of online training and three weeks of in-person training at an Affiliate-Owned Studio that we designate in Los Angeles, California or New York, New York. For the Training Manager training program, your Training Manager will be required to participate in a significant amount of physical training, as either a trainer or trainee.

Initial Training may also include on-site training at your Studio and follow-up training, as we, in our sole discretion, deem necessary after the opening of your Studio.

We reserve the right to modify the length, location, and timing of Initial Training. We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training. We reserve the right, in our sole discretion, to offer portions or all of Initial Training via online pre-recorded or live training.

We will provide instructors, facilities, and materials for Initial Training for your Required Trainees for the Franchise Fee if all of your trainees are trained during the same training session. We reserve the right to charge a training fee of $500 per trainee per day, which we may increase upon 60 days' written notice to you, for (i) each person in addition to the three Required Trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent trainee who attends the course. You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees during Initial Training or any other training programs.

Our Initial Training currently consists of the following:

TRAINING PROGRAM

STUDIO MANAGER TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to Members and Studio Operations	0	20	Classroom training will be held online; On-the-job training will be held in Affiliate-Owned Studios in New York, New York
Studio Operations - Walkthrough	0	10	
MBO	10	20	
Payroll	10	20	
Retail Operations	10	20	
Studio Supplies, Vendors, and Contact Book	5	0	
Member Communications	10	20	
TOTALS:	**45**	**110**	

TRAINING MANAGER TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introduction to Members and Studio Operations	0	20	Classroom training will be held online; On-the-job training will be held in an Affiliate-Owned Studio in Los Angeles, California or New York, New York
Studio Operations - Walkthrough	0	10	
Trainer Admin Operations	10	0	
Introduction to the Manual and the Method	10	20	
How to Train the Trainer	10	20	
Audition Process	10	0	
Understanding Method Offerings, On-line Studio, Custom Programs and Client Support	10	20	
Physical Performance and Endurance	0	20	
TOTALS:	**50**	**110**	

We use videos, handouts, and the Manuals as instructional materials in our Initial Training. In addition, we use physical class experiences in our Training Manager training program. Joseph Hidalgo, who has over seven years of experience with us and in the fitness industry, will lead our Studio Manager training program. Olivia Elias and Maria Davidson, who each have over ten years of experience with us and in the fitness industry, will lead our Training Manager training program.

Your Required Trainees must successfully complete Initial Training at least 30 days before the Opening Deadline. We will determine, in our discretion, what constitutes successful completion of the program. If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training or you must send replacement Required Trainees to complete Initial Training. If your Required Trainees have not, in our sole discretion, successfully completed Initial Training 30 days before the Opening Deadline, we may terminate the Franchise Agreement, in which case we will not refund any initial fees paid by you.

Opening Assistance. Upon your request or if we determine it necessary, we will have a representative provide you with on-site assistance and training at the Studio in the two days before and two days after the opening date of the Studio. You will be responsible for the travel and living expenses of our representative during these five days.

Additional Training. We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at a location that we designate. We may charge you a reasonable fee for such mandatory or optional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals or as we otherwise designate or Manuals or if any of your Required Trainees fail to successfully complete any additional training programs, we may, in addition to all of our other rights and remedies, assign trainers to the Studio to retrain your Required Trainees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a reasonable fee (currently, $500 per day) for each trainer assigned to your Studio and any remedial training.

Training by You. Your Operating Principal, your Studio Manager, and/or Training Manager are responsible for training all of your Studio personnel, including subsequent Studio Managers, in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or pay a fee for us to send one of our representatives to train them at your Studio.

Delegation. We may delegate the performance of any or all of our obligations under the Franchise Agreement, and our right to exercise any of our rights under this Agreement, to an affiliate, manager, agent, independent contractor, or other third-party. However, we will remain responsible for ensuring that such obligations are performed in accordance with the terms of this Agreement.

ITEM 12 TERRITORY

Site. If the Site for your Studio has not been agreed upon when you sign the Franchise Agreement, we will specify a non-exclusive Site Selection Area in which you may locate the Site. Your Site Selection Area is not exclusive and is only intended to give you a general indication of the area within which you may locate the Site for the Studio. If we accept your proposed Site and you secure it, the Site will be added to the Franchise Agreement.

Territory. Once you have secured the Site, we will designate an exclusive territory in which you will have certain protected rights (the **"Territory"**). During the term of the Franchise Agreement, provided you are not in default under the Franchise Agreement, we will not operate, or authorize others to operate, a Studio using the Marks and the System within the Territory.

Your Territory will be determined by us, in our sole discretion, and may be a specified radius around the Studio or may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. We may consider, among other variables, population counts and demographic information for the area around your Site (from information published by the U.S. Census Bureau or other governmental agencies and commercial sources), the level of competition around your Site, and other market conditions when we determine the size of your Territory.

Currently, we do not require you or other franchisees to achieve minimum performance levels, but we reserve the right to require you and other franchisees to meet reasonable minimum performance levels that we may specify from time to time (the "**Minimum Performance Levels**"). The Minimum Performance Levels may require your Studio to achieve during specified time periods, among other things, (i) a minimum number of members, (ii) a minimum number of visits, and/or (iii) a minimum amount of revenue. If we require you to meet Minimum Performance Levels in the future and if, once implemented, we in our sole discretion change the Minimum Performance Levels, we will (a) announce the specific requirements to you and the franchise system at least six months in advance of the date in which such requirements would go into effect and (b) enact Minimum Performance Levels that at least 80% of all franchised Studios exceeded in the period immediately preceding their announcement. The Minimum Performance Levels required for your Studio may vary from those required for other franchisees based on the size or location of the applicable Studios or other variables that we specify. If we implement the Minimum Performance Levels and you fail to meet the Minimum Performance Levels for two consecutive years, it shall be considered a default under the Franchise Agreement.

Except for as described in this paragraph, the Territory and your territorial rights may not be altered before the expiration or termination of the Franchise Agreement. If you default under the Franchise Agreement and fail to cure the default in the applicable cure period (if any), we have the right to reduce or eliminate your Territory or to terminate the Franchise Agreement. If we acquire, are acquired by, or merge with another company that operates a business that is located in the Territory, we may convert the other businesses to the TA Tracy Anderson® name or permit the businesses to operate under another name and convert your Studio to such other name. If you enter into a successor term for the Franchise Agreement, we may modify the Territory in your successor Franchise Agreement.

Reserved Rights. Other than being restricted from establishing a Studio using the Marks and the System within the Territory, we and our affiliates are not restricted from soliciting or conducting business anywhere, including inside the Territory. Among other rights, we and our affiliates have the right to (a) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including through e-commerce, in retail stores, via recorded media, via live or recorded online videos, or via broadcast media, anywhere, including inside the Territory; and (b) advertise, or authorize others to advertise, using the Marks anywhere, including inside the Territory. Currently, we sell products and offer streaming classes using the Marks via the Internet throughout the United States. We will not compensate you for any of our activities in your Territory, including soliciting or conducting business in your Territory, even if they have an impact on your Studio.

Restriction on Rights. You do not have the right to open additional Studios nor do you have any rights of first refusal on any other location. You do not have the right to use the Marks or the System at any location other than the Site or in any wholesale, e-commerce, or other channel of distribution besides the retail operation of the Studio at the Site. You are not permitted to provide online, virtual, streaming, or recorded classes or services. You are not restricted from accepting business from customers that reside or work or are otherwise based outside of your Territory, but we reserve the right to implement rules and restrictions regarding soliciting or marketing to such customers in the future in our Manuals or otherwise in writing.

Relocation of the Studio. If you would like to relocate your Studio, you must receive our written consent. Our approval will not be unreasonably withheld, provided (i) the new location for the Studio is satisfactory to us and you comply with our then-current development requirements, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other studio, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three years prior to, and as of, the date we consent to such relocation (the **"Relocation Request Date"**), (vi) you are not in default, and no event exists which with the giving of notice and/or passage of time would constitute a default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If you lose your lease, you must secure our acceptance of another site and enter into a lease for the new accepted site within 90 days after the expiration or termination of your site lease. You must pay us a relocation fee as specified in Item 6.

Other Disclosures. We have not established other franchises or company-owned outlets offering or selling similar products or services under a different trademark, but we do offer a variety of products and services using variations of the Marks, including DVDs, exercise equipment, apparel, books, magazines, and online group and customized training. Neither we nor our affiliates have established, or presently intend to establish, other franchised or company-owned businesses that offer fitness studios or similar products or services under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

ITEM 13 TRADEMARKS

We grant you the right to operate a Studio under the TA Tracy Anderson® mark and other Marks that we specify periodically. All of the Marks are owned by TAMB and licensed to us under a license agreement dated September 1, 2023 (the "**License Agreement**"). In the License Agreement, TAMB authorized us to use the Marks in connection with the offer, sale, and support of franchised Studios. The License Agreement does not contain any significant limitations on our right to use or license the Marks to you, is perpetual in duration, and may be terminated unilaterally by either party only upon a material breach of the License Agreement. Upon termination of the License Agreement, we must immediately discontinue the use of the Marks and assign to TAMB all of our franchise agreements licensing the use of the Marks, and TAMB has agreed to assume all obligations under such agreements arising from and after their assignment.

TAMB has registered the following Marks, among others, with the Principal Register of the United States Patent and Trademark Office ("**USPTO**") and has filed all required affidavits and renewals with respect to each of the Marks:

Mark	Registration Number	Registration Date
TA TRACY ANDERSON	4,768,062	July 7, 2015
TRACY ANDERSON	4,768,060	July 7, 2015
	7,358,644	April 16, 2024

There are no currently effective determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of any state, or any court; nor is there any pending infringement, opposition or cancellation proceedings, or material litigation, involving any of the Marks. We do not know of any superior prior rights or infringing uses that could materially affect your use of any of the Marks. Other than our license with TAMB, there are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the franchise.

You must promptly notify us if any other person or Entity attempts to use any of the Marks or any colorable imitation of any of the Marks. You must immediately notify us of any infringement of or challenge to your use of any of the Marks. We are not obligated to protect and defend you against any suit filed or demand made against you challenging the validity of the Marks. We have the right, but not the obligation to, initiate, direct, and control any litigation or administrative proceeding relating to the Marks, including any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks.

If we decide that you should modify or discontinue using any of the Marks or use one or more additional or substitute service marks or trademarks, you must comply with our directions in the time that we reasonably specify, and neither we nor any of its affiliates will have any obligation to reimburse you for the cost of complying with our directions.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no rights in, or licenses to, any patents or patent applications.

Except as provided below, we own no rights in, or licenses to, any copyrights. While TAMB has registered numerous copyrights with the United States Copyright Office related to the Tracy Anderson Method, including copyrights for DVDs, videorecorded classes, and books, we have not registered any copyrights with the United States Copyright Office that are material to the operation of Studios. However, we claim copyrights with respect to our advertising materials, the Manuals, and other materials we may periodically develop, and TAMB claims copyrights with respect to the choreography associated with the Tracy Anderson Method and other materials that TAMB may periodically develop. There are no determinations of the Copyright Office or any court regarding any of our copyrights. There are no agreements limiting the use of any copyrights by us.

Any copyrights used by you in the Studio belong solely to us or our affiliates. You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights. We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against us or you. We have no obligation to defend or otherwise protect you against any claims involving any copyright, including any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner. If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Studio.

During the term of your Franchise Agreement, we or our affiliates may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Studio (collectively, **"Proprietary Information"**). You and your Owners may not, nor may you or they permit any person or Entity to, use or disclose any Proprietary Information (including any portion of the Manuals) to any other person, except to the extent necessary for your employees to perform their functions in the operation of your Studio. You must take reasonable precautions necessary to protect Proprietary Information from unauthorized use or disclosure and must implement any systems, procedures, or training programs that we require. If we or our affiliates so request, you must obtain confidentiality agreements in a form satisfactory to us or our affiliates from anyone who may have access to the Proprietary Information. You will be responsible for any unauthorized disclosure of Proprietary Information by any person to whom you have disclosed Proprietary Information.

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

At all times that your Studio is open for business, it must be under the personal, on-premises supervision of either your Operating Principal, your Studio Manager, your Training Manager, or a trained attendant. Your Studio Manager or another trained manager must be available at all times the Studio is open for business. Your Operating Principal and your Studio Manager must successfully complete our training program and any other training programs that we may require. You may not permit your Studio to be operated, managed, directed, or controlled by any other person or Entity without our prior written consent.

Your Operating Principal must have at least a 10% ownership interest in your Entity, have authority over all business decisions related to your Studio, have the power to bind you in all dealings with us, and be directly involved in the day-to-day operation and management of your Studio. In addition, you must appoint a Studio Manager to manage the day-to-day business of your Studio, who may also be the Operating Principal. The Studio Manager is not required to have an ownership interest in your Entity. You must provide us with written notice of your Operating Principal and Studio Manager at least 60 days prior to opening. You may not change your Operating Principal and Studio Manager without our prior approval.

If your Studio Manager or Training Manager ceases to be employed by you, you must, within 30 days after your former Studio Manager's employment at the Studio ends, appoint a new Studio Manager or Training Manager and have them successfully complete Initial Training. If you are unable to immediately appoint and train a Studio Manager or Training Manager, we may, in our sole discretion, provide a Studio Manager or Training Manager to work at your Studio temporarily until a new Studio Manager or Training Manager is appointed and trained, but you must pay us the Management Fee for a replacement Studio Manager and our in-person training fee for a replacement Training Manager.

We may require you to obtain nondisclosure covenants from anyone who may have access to the Proprietary Information. We may also require you to obtain from your officers, directors, Studio Managers, your Owner's spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants in a form acceptable to us, such as the form attached as **Exhibit G**, which specifically identify us as having the independent right to enforce them.

Each Owner, including the Operating Principal, must sign the Payment and Performance Guarantee (the **"Guarantee"**) attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement and agreeing to comply with the confidentiality, indemnification, covenant not to compete, and assignment provisions of the Franchise Agreement.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer for sale in the Studio only the products, services, workout content, and classes that we have approved in writing. In addition, you must offer the specific products, services, workout content, and classes that we require in the Manuals or otherwise in writing. We may designate specific products, services, workout content, or classes as optional or mandatory. You must offer all products, services, workout content, or classes that we designate as mandatory.

You may sell products and services only in the varieties, forms, and packages that we have approved. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

We may, without limitation, change the types, amounts, or specifications of the goods, services, or classes that you may offer. We may, without limitation and in our sole discretion, revoke approval of a previously-approved product or service that you have been selling, in which case, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

You must conduct all classes in accordance with the System. You must offer at the Studio any classes or programs that we deem to be mandatory. We will provide you with workout content on a weekly basis (or on another frequency that we specify) that you must use in your classes in accordance with our directions. If we modify or withdraw our approval of a class or program that you have offered, you must immediately discontinue offering or modify the class or program in accordance with our instructions. You may not develop or offer your own classes, programs, or workout content, unless we consent otherwise in writing.

If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing periodically. Currently, we require you to employ a premium pricing strategy that is consistent with the elite level of services that you are required to provide. You must charge members and customers rates equal to or in excess of our minimum pricing schedule, as set forth in the Manuals, which we may change from time to time in writing. Currently, our minimum pricing schedule is attached as Appendix D to the Franchise Agreement.

We impose no restriction on the members that you may serve at your Studio, but you may not (i) make any sales of products or services outside of the Studio, (ii) conduct classes outside of the Studio, (iii) offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network, or (iv) use vendor relationships that you establish through your association with us or the TA Tracy Anderson® brand for any other purpose besides the operation of the Studio, unless we consent in writing. You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other TA Tracy Anderson® franchisees.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 2.1	Begins on the effective date of your Franchise Agreement and continues for five years from the date that your Studio opens for business
b.	Renewal or extension of the term	Section 2.2	If you meet the conditions, you may acquire rights to renew the term two consecutive times, each for a period of five-years.
c.	Requirements for franchisee to renew or extend	Section 2.2	You have notified us of your intent to renew at least six months, but no more than 12 months, in advance; you, your Owners, and your affiliates have fully complied with, and are currently in full compliance with, all agreements with us, our affiliates, or approved vendors; you, your Owners, and your affiliates have no pending or threatened disputes with us; you and your Owners have signed our then-current form of franchise agreement, which may have materially different terms and conditions than your original Franchise Agreement, and ancillary agreements; you agree to refurbish or renovate the Studio to our then-current specifications; you and your Owners have executed a general release in favor of us and our affiliates; your Operating Principal and Studio Manager have completed our then-current training requirements; you have secured from your landlord the right to continue operating at the Site; and you have paid us the Successor Fee.
d.	Termination by franchisee	Section 14.3	If we commit a material breach of the Franchise Agreement and we fail to cure the breach or take reasonable steps to begin curing the breach within 60 days after receiving notice from you, you may terminate the Franchise Agreement. You may seek termination upon any grounds available by state law.
e.	Termination by us without cause	Not applicable	None.

	Provision	Section in Franchise Agreement	Summary
f.	Termination by us with cause	Section 14.2	We can terminate only if you default under the Franchise Agreement (see (g) and (h) below). (Subject to state law.)
g.	"Cause" defined – curable defaults	Section 14.1	You have 10 days to cure the non-payment of any amounts owed to us or our affiliates or your failure to make sufficient funds available to us; and 30 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below. (Subject to state law.)
h.	"Cause" defined – non-curable defaults	Section 14.1	You make a material misrepresentation to us; your Required Trainees fail to satisfactorily complete initial training; you fail to secure a site by the Site Acquisition Deadline; you fail to open on time; you fail to timely renovate your Studio; you fail to maintain possession of the Site; you suspend operations of the Studio for more than five days without our consent; you fail to communicate with us; you fail to meet Minimum Performance Levels for two consecutive years; your representatives miss two or more required meetings; you or any of your Owners or officers or directors is convicted or pleads nolo contendere to a crime involving moral turpitude or consumer fraud or any other crime or offense or engages in any activities which impairs the goodwill associated with the Marks; you misuse the Marks; you disclose Proprietary Information; you or your Owners make an improper transfer; you or your Owners violate the noncompete covenants of the Franchise Agreement; fail health or safety inspections or cause a threat to public health or safety; you become insolvent or bankrupt; you fail to pay suppliers and trade creditors an amount exceeding $2,000 for more than 60 days; you fail to pay your taxes; you underreport Gross Revenue by more than 2% twice in a two-year period or by 5% in any period; you fail to permit us to inspect or audit your books and records; you fail to timely file reports three times in 12 months; you or your affiliates default under any other agreement with us or our affiliates if such default would permit the termination of that agreement; or you are in default three or more times within any 18-month period. (Subject to state law.)
i.	Franchisee's obligations on termination/non-renewal	Section 15	Pay all amounts due to us, our affiliates, or approved suppliers; discontinue use of the Marks and the System; return Proprietary Information, customer data, and Manuals; close vendor accounts; cancel assumed name registration; cancel or transfer telephone number, post office boxes, domain names, social media accounts, and directory listings; complete de-identification of the Site; reimburse customers; refrain from disclosing Proprietary Information; comply with noncompete

	Provision	Section in Franchise Agreement	Summary
			covenants (also see (o) and (r) below); and execute termination agreement.
j.	Assignment of contract by us	Section 13.1	No restriction on our right to assign.
k.	"Transfer" by franchisee – definition	Section 13.2	Includes transfer of the Franchise Agreement, any interest in the Franchise Agreement, the license to use the System and the Marks, the Studio or substantially all of the assets of the Studio, or an interest in the ownership of the Studio.
l.	Our approval of transfer by franchisee	Section 13.3	We have the right to approve all transfers. Subject to state law and except with respect to certain types of transfers, we have sole and absolute discretion to withhold our consent to a proposed transfer.
m.	Conditions for our approval of transfer	Section 13.4	In addition to any other conditions that we reasonably specify, you pay us a non-refundable deposit to review the transfer; you pay us the Transfer Fee; all of your monetary obligations are satisfied; you and your affiliates are not in default under the Franchise Agreement or other agreements; you and your Owners sign a general release; you and your Owners remain liable for obligations incurred or arising prior to transfer; you comply with noncompetition and confidentiality provisions; your landlord consents to the transfer of your lease; new franchisee agrees to discharge all of your obligations; new franchisee qualifies, meets training requirements, and signs then-current franchise agreement; new franchisee upgrades the Studio to our then-current specifications; new franchisee covenants to continue to operate the Studio under the Marks; new franchisee's owners execute our then-current form of personal guarantee; we determine purchase price acceptable and financing arrangements are subordinate to our interests; and you, your Owners, the transferee, and its owners sign a consent to transfer agreement in a form we prescribe.
n.	Our right of first refusal to acquire franchisee's business	Section 13.9	We can match any offer for your Studio, the Studio's assets, or any ownership interest, except for certain transfers to spouses, children, or related entities.
o.	Our option to purchase your business	Section 15.5	After the Franchise Agreement terminates or expires, we can purchase any or all of the inventory, supplies, Operating Assets, and other assets related to the operation of your Studio for the fair market value of the assets, less any amounts then owing to us. We also may assume your lease or sublease.

	Provision	Section in Franchise Agreement	Summary
p.	Death or disability of franchisee	Section 13.8	Executor or representative must transfer your interest to a third party approved by us within 120 days. (Subject to state law.)
q.	Non-competition covenants during the term	Section 12.1	You and your Owners may not: (i) teach or lead, or train individuals to teach or lead, any fitness classes or personal training sessions, dance classes or personal training sessions, yoga flow classes or private sessions, or other classes or private training sessions that employ methods that are similar or identical to those used in Studios (“**Competitive Classes or Sessions**”) at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services; (ii) own, manage, engage in, be employed by, advise, make loans to, lease to, or have any other interest in (a) any studio, facility, or business that generates 25% or more of its revenue from Competitive Classes or Sessions or (b) any entity that grants franchises or licenses for any of these types of businesses (a **“Competitive Business”**) at any location; (iii) divert or attempt to divert any business or customer or potential business or customer of the Studio to any Competitive Business by direct or indirect inducement or otherwise; (iv) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System. Competitive Classes or Sessions do not include classes or training sessions that exclusively involve spinning/cycling, rowing, running, boxing, TRX training, and/or weightlifting. (Subject to state law)
r.	Non-competition covenants after the Franchise Agreement is terminated or expires	Section 12.2	For three years after the expiration, termination, or transfer of your Franchise Agreement, the restrictions in (p) shall apply, except the restrictions in (i), (ii), and (iii) shall be geographically limited to any location within a 20-mile radius of your former Studio or any other Studio that is operating or under development at the time of such event. (Subject to state law)
s.	Modification of the agreement	Section 17.2	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties.
t.	Integration/merger clause	Section 17.1	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises made outside of this Disclosure Document and the Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations made in this Disclosure Document.

	Provision	Section in Franchise Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Section 16.1	Prior to filing most proceedings, a party must submit the dispute to non-binding mediation.
v.	Choice of forum	Section 16.2	Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in New York, New York (or the city in which our principal place of business is then located, if we no longer have an office in New York)
w.	Choice of law	Section 16.3	Subject to applicable state laws, New York law applies, without regard to New York conflict-of-laws rules, except that any franchise-specific laws of New York, including franchise registration and disclosure laws and franchise relationship laws, will not apply to the Franchise Agreement or the related franchise relationship, unless such statute would apply independently without reference to the choice of law provision in the Franchise Agreement.

ITEM 18 PUBLIC FIGURES

Tracy Anderson, our Founder and former CEO, is a celebrity fitness expert who developed the methodology that is used in the Studios, whose name is incorporated in the Marks, and who has endorsed and recommended the Franchise to prospective franchisees. Tracy indirectly owns a 43.56% interest in our company. Tracy receives profit distributions from our company as an owner, but she has not received or been promised any compensation or benefits in consideration for the use of her name or likeness by us or her endorsement or recommendation of Franchises.

Other than Tracy, we do not use any public figure to promote our Franchises but may do so in the future.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Steve Yacht at 241 E. 59th Street, New York, New York 10022, 646-902-6975, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

All numbers appearing in Tables 1 through 5 below are as of December 31 each year. Our affiliate operates the Affiliate-Owned Studios.

Table No. 1
Systemwide Studio Summary
For years 2023 to 2025

Studio Type	Year	Studios at the Start of the Year	Studios at the End of the Year	Net Change
Franchised	**2023**	0	0	0
	2024	0	0	0
	2025	0	1	+1
Affiliate-Owned	**2023**	5	5	0
	2024	5	5	0
	2025	5	6	+1
Total Studios	**2023**	5	5	0
	2024	5	5	0
	2025	5	7	+2

Table No. 2
Transfers of Studios from Franchisees to New Owners (other than to us)
For years 2023 to 2025

State	Year	Number of Transfers
Total	**2023**	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Studios
For years 2023 to 2025

State	Year	Studios at Start of Year	Studios Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Studios at End of the Year
FL	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Total	**2023**	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1

Table No. 4
Status of Affiliate-Owned Studios
For years 2023 to 2025

State	Year	Studios at Start of Year	Studios Opened	Studios Reacquired From Franchisee	Studios Closed	Studios Sold to Franchisee	Studios at End of the Year
CA	**2023**	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
MT	**2023**	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	1	0	0	0	1
NY	**2023**	4	0	0	0	0	4
	2024	4	0	0	0	0	4
	2025	4	0	0	0	0	4
Totals	**2023**	5	0	0	0	0	5
	2024	5	0	0	0	0	5
	2025	5	1	0	0	0	6

Table No. 5
Projected Openings as of December 31, 2025

For following 12-month Period

State	Franchise Agreements Signed But Studio Not Opened	Projected New Franchised Studios in the Next Fiscal Year	Projected New Affiliate-Owned Studios in the Next Fiscal Year
Florida	3	1	0
Total	3	1	0

Current and Former Franchisees. Set forth on **Exhibit E** are: (i) the names of all current franchisees and the address and telephone number of each of their studios, and (ii) the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every franchisee who had a Studio terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

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

Confidentiality Agreements. During the last three fiscal years, we have not signed any confidentiality clauses with current or former franchisees. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with the TA Tracy Anderson® system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Trademark–Specific Franchisee Organizations. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached as **Exhibit B** to this Disclosure Document is our audited financial statements as of December 31, 2025, December 31, 2024 and December 31, 2023. As we were formed in January 2023 and began operating in March 2023, we have not been in business for three full fiscal years and cannot include all of the financial statements required by the FTC Rule for our last three fiscal years. Our fiscal year ends on December 31.

ITEM 22 CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement	Exhibit A
Payment and Performance Guarantee	Appendix C to the Franchise Agreement
Lease Rider	Appendix D to the Franchise Agreement
General Release	Exhibit F
Nondisclosure and Noncompete Agreement	Exhibit G
State-Required Franchise Agreement Riders	Exhibit H
Compliance Questionnaire	Exhibit I

ITEM 23 RECEIPT

Attached as the last two pages of this Disclosure Document are copies of the Receipt which you will be required to sign. One signed copy of the Receipt must be returned to us, as provided on the Receipt.

EXHIBIT A
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Franchise Agreement

(attached)

FRANCHISE AGREEMENT

between

TA Franchise, LLC

and

____

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TA TRACY ANDERSON® FRANCHISE AGREEMENT

THIS AGREEMENT (this **"Agreement"**) is made and entered into as of the date set forth on Appendix A of this Agreement (the **"Effective Date"**) (Appendix A and all appendices and schedules attached to this Agreement are hereby incorporated by this reference) between TA Franchise, LLC, a Delaware limited liability company with its principal place of business at 241 E. 59th Street, New York, NY 10022 (**"Franchisor"**), and the entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Agreement, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

RECITALS

A. We and our affiliates have accumulated knowledge and experience in licensing in the personal fitness industry on the basis of which we have developed and will continue to develop a distinctive business format and set of specifications and operating procedures (collectively, the **"System"**) for the operation of studios featuring proprietary Tracy Anderson Method® training programs.

B. The distinguishing characteristics of the System include, but are not limited to, the Studio (defined in Recital E) designs including their look, feel and smell, construction specifications, layouts, and identification schemes (collectively, the **"Trade Dress"**); proprietary equipment and fixtures, including the Super G Floor and Iso-Kinetic Band systems; climate control standards; specifications for equipment, inventory, and accessories; website or series of websites for the Studios and the online training programs (the **"System Website"**); relationships with vendors; software and computer programs; reservation procedures and system; fitness and training programs that we have developed and continue to develop, including exercise modalities, sequences, and equipment; the accumulated experience reflected in the Tracy Anderson Method, operating procedures, customer service standards, methods, and marketing techniques; and the mandatory and suggested policies, procedures, standards, specifications, rules, and requirements (**"System Standards"**) set out in our operations manuals (**"Manuals"**) and otherwise in writing. We may change, improve, add to, and further develop the elements of the System from time to time.

C. We identify the Studios operating under the System by means of the TA TRACY ANDERSON® mark and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos set forth on Appendix B (collectively, the **"Marks"**). We may designate for your use other trade names, service marks, and trademarks as Marks from time to time. These marks which will also be included in the term the "Marks."

D. All of your owners (the **"Owners"**) of a legal and/or beneficial interest in you (the **"Entity"** that signs this Agreement) are listed on Appendix A. The individual Owner you must appoint to have authority over all business decisions related to your business and to have the power to bind you in all dealings with us will be referred to as your **"Operating Principal."**

E. You desire to open and operate a TA Tracy Anderson® studio that uses the Marks and the System (a **"Studio"**), and we are willing to grant to you a license to open and operate a Studio on the terms and conditions of this Agreement.

NOW, THEREFORE, for and in consideration of the foregoing and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1 Rights Granted.

1.1 Grant of Franchise. Upon the terms and conditions of this Agreement, we grant to you a non-exclusive license (the **"License"**) to operate one Studio using the Marks and the System. The Studio will be located at a site to be mutually agreed upon subsequent to the execution of this Agreement, pursuant to Section 4.2 (Site Selection) (the **"Site"**), within the area set forth on Appendix A (the **"Site Selection Area"**). You have no right to (i) sublicense the Marks or the System to any other person or Entity, (ii) use the Marks or the System at any location other than the Site, (iii) to use the Marks or the System in any wholesale, e-commerce, or other channel of distribution besides the operation of the Studio at the Site, or (iv) provide online, virtual, streaming, or recorded classes or services.

1.2 Acceptance of License. You hereby accept the License and agree to operate the Studio according to the provisions of this Agreement for the entire Term, as defined in Section 2.2 (Successor Term).

1.3 Limited Territorial Protection.

(a) Designation of Territory. Once you have selected and we have accepted a Site in the Site Selection Area in accordance with Section 4.2 (Site Selection), we will designate an area within the confines of the Site Selection Area as your protected territory (the **"Territory"**). You do not have any territorial protection in your Site Selection Area, unless and until we identify your Territory, as explained in Section 4.2(b) (Site Acceptance).

(b) Limited Protected Rights. Except as provided in this Section 1.3, provided you fully comply with your obligations under this Agreement, during the Term, we and our affiliates will not operate, or license a third party to operate, a Studio within your Territory. Except for the foregoing sentence, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Studio. For example, without limitation, we have the right to:

(i) establish and operate, or license others to establish and operate, (i) Studios anywhere outside of the Territory or (ii) fitness studios or businesses offering similar or identical products, services, classes, and programs and using the System or elements of the System under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory;

(ii) sell or offer, or license others to sell or offer, any products, services, or classes using the Marks or other marks through any alternative distribution channels, including, without limitation, through e-commerce, in retail stores, via recorded media, via live or recorded online videos, or via broadcast media, anywhere, including inside and outside of the Territory;

(iii) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and

(iv) acquire, be acquired by, or merge with other companies with existing fitness facilities or businesses anywhere (including inside or outside of the Territory) and, even if such businesses are competitive and located in the Territory, (i) convert the other businesses to the TA Tracy Anderson® name, (ii) permit the other businesses to continue to operate under another name, and/or (iii) permit the businesses to operate under another name and convert existing Studios to such other name.

(c) Acknowledgement. You acknowledge and agree that (i) you may compete directly with other Studios that are now, or that may in the future be, located near or adjacent to the Territory; (ii) other Studios may solicit or attract customers that are located within your Territory; and (iii) we or our affiliates may offer streaming classes to customers within your Territory via the Internet.

1.4 Operating Principal and Studio Manager. You must appoint an individual Owner as your Operating Principal who must have authority over all business decisions related to your Studio and must have the power to bind you in all dealings with us. In addition, you must appoint a manager to manage the day-to-day business of your Studio (the **"Studio Manager"**) and a head trainer to lead the implementation of workouts and train your other trainers (the "**Training Manager**"). Your Operating Principal may serve as your Studio Manager, unless we believe that he or she does not have sufficient experience or qualifications. Your Operating Principal must have at least a 10% ownership interest in your Entity, but your Studio Manager is not required to have an ownership interest in your Entity. Your Operating Principal and Studio Manager (if known at the time of signing) shall be listed on Appendix A. You must provide us with written notice of your Operating Principal and Studio Manager(s) at least 60 days prior to opening and may not change your Operating Principal and Studio Manager without our prior written approval.

1.5 Ownership and Guarantee.

(a) Owners of Equity. You must maintain a current list of all of your Owners and shall furnish the list to us upon request, together with the addresses and telephone numbers of each such Owner. You represent that the individuals listed as Owners on Appendix A are your sole Owners as of the Effective Date.

(b) Guarantee. As a condition to us entering into this Agreement, and from time to time during the Term as we may require, you must cause each Owner to jointly and severally guarantee your performance under this Agreement and bind themselves to the terms of this Agreement by executing and delivering our then-current form of guarantee, which shall be substantially in the form of the Payment and Performance Guarantee that is attached in Appendix C (the "**Guarantee**"). Further, a violation of any of the provisions of this Agreement, including the covenants contained in Section 12 (Noncompete Covenants), by any Owner will also constitute a violation by you of your obligations under this Agreement.

(c) Governing Documents. Upon our request, you agree to furnish us with copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct and control your affairs without our prior written consent. During the Term, your governing documents must provide that no transfer of any ownership interest may be made, except in accordance with Section 13 (Transfer and Assignment) of this Agreement. Any securities that you issue must bear a conspicuous printed legend to that effect.

Section 2 Initial Term and Successor Term.

2.1 Initial Term. The initial term (the **"Initial Term"**) of the License begins on the Effective Date and ends five years from the date that your Studio opens for business, unless this Agreement is terminated sooner as provided in other sections of this Agreement.

2.2 Successor Term. Upon the expiration of the Initial Term, if you comply with this Section 2.2, you may, at your option, obtain two additional consecutive successor terms of five years each (each, a **"Successor Term"**). The Initial Term and Successor Terms are referred collectively in this Agreement as the **"Term."** You may only exercise this right to obtain a Successor Term if:

(a) you give us written notice of your desire to obtain a successor License at least six, but no more than 12, months before the expiration of the then-current Initial Term or Successor Term;

(b) you, your Owners, and your affiliates have fully complied with this Agreement and all other agreements between you, your Owners, or your affiliates, on one hand, and us, our affiliates, and/or our approved vendors, on the other hand, related to this Studio or any other Studios (collectively, the "**Related Agreements**"), including having (i) timely paid all amounts due under such agreements, (ii) not received more than one default notice under such agreements, and (iii) not received more than three failed inspection reports relating to our minimum quality, service, cleanliness, and/or health and safety standards;

(c) at the time you provide written notice of your intent to enter into a Successor Term and at the expiration of the then-current term of this Agreement, you, your Owners, and your affiliates are in full compliance with all Related Agreements, including (i) operating all Studios in compliance with all System Standards (including all minimum quality, service, cleanliness, and/or health and safety standards) and (ii) being current (i.e., not delinquent) with respect to all fees or payments due; and

(d) you deliver to us a fully executed franchise agreement on our then-current form of franchise agreement, which you acknowledge may contain terms materially different than those contained in this Agreement, including, but not limited to, (i) higher rates of Royalty Fees and Brand Fund Fees (as herein defined) and other fees and charges, and (ii) a modified Territory;

(e) you agree to refurbish or renovate the Studio, at your expense, to conform the decor, color schemes, storefront, signage, and presentation of the Marks to our then-current image and, if necessary, in our sole opinion, to update and replace the equipment (including the Technology System (as defined in Section 6.10 (Technology System))), furniture, signage, and fixtures to meet our then-current specifications;

(f) you and your Owners execute a general release, in a form we prescribe, of any and all claims against us, our affiliates, and our and their past, present, and future officers, directors, shareholders, and employees;

(g) your Operating Principal and Studio Manager complete all of our then-current training requirements, including any additional training that we may require;

(h) you secure the right from your landlord to continue operating at the Site for the remainder of such Successor Term; and

(i) you pay to us the Successor Fee (as defined in Section 3.5 (Successor Fee)).

2.3 Expiration. If any of the conditions for renewal have not been met prior to the expiration of the then-current term of this Agreement, then your right to renew will terminate and this Agreement will terminate upon the expiration of the then-current term.

Section 3 Fees.

3.1 Franchise Fee**.** You must pay us an initial franchise fee as set forth on Appendix A (the **"Franchise Fee"**) upon execution of this Agreement. The initial Franchise Fee is paid in consideration of the rights granted in Section 1 (Rights Granted) and will be deemed fully earned at the time paid. You acknowledge that we have no obligation to refund the Franchise Fee, in whole or in part, for any reason.

3.2 Royalty Fee.

(a) Amount of Royalty Fee. You must pay us a monthly royalty fee (the **"Royalty Fee"**) equal to 7% of Gross Revenue (as defined in Section 3.2(b)). The Royalty Fee is non-refundable and is paid in consideration of the ongoing right to use the Marks and the System in accordance with this Agreement and not in exchange for services rendered by us or any of our affiliates.

(b) Gross Revenue. **"Gross Revenue"** means all revenue that you receive or otherwise derive from operating the Studio, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when you provide the products or services in exchange for the revenue. If you receive proceeds from any business interruption insurance applicable to loss of revenue at the Studio, there shall be added to Gross Revenue an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Revenue includes promotional allowances or rebates paid to you in connection with your purchase of products or supplies or your referral of customers. Gross Revenue does not include (i) any bona fide returns and credits that are provided to customers and (ii) any sales or other taxes that you collect from customers and pay directly to the appropriate taxing authority. You may not deduct payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) from your Gross Revenue calculation.

3.3 Brand Fund Fee. You must contribute 3% of Gross Revenue (the **"Brand Fund Fee"**) each month to the TA Tracy Anderson® Brand Fund (the **"Brand Fund"**).

3.4 Technology Fee. You must pay to us, or a third party that we designate, a technology fee for various technology products or services that we will develop or provide, or arrange for third parties to develop or provide, which products or services are subject to change over time (a **"Technology Fee"**). Currently, we do not collect the Technology Fee. We reserve the right to begin collecting the fee or to change the fee by providing you with written notice of any change at least 30 days prior to the implementation of the new fee amount, provided that the fee will not exceed 110% of our actual costs and expenses for the products and services that are included in the Technology Fee. We may add, delete, or otherwise modify the products and services that are included in the Technology Fee.

3.5 Successor Fee. Upon your execution of a successor franchise agreement pursuant to Section 2.2 (Successor Term), you must pay to us a successor fee equal to 10% of the then-current Franchise Fee (the **"Successor Fee"**).

3.6 Transfer Fee. If a Control Transfer (as defined in Section 13.2 (Definition of Transfer)) occurs, you must pay us 75% of the then-current Franchise Fee (the "**Transfer Fee**"). For any Transfer that does not result in a Control Transfer or any Transfer to an Entity that you form for the convenience of ownership, the Transfer Fee shall be equal to $2,500.

3.7 Relocation Fee. If you relocate your Studio from the Site to a new location, you will pay to us a relocation fee equal to 40% of the then-current Franchise Fee (the **"Relocation Fee"**).

3.8 Opening Package Payment. You must purchase from us an opening package of equipment and an initial supply of inventory necessary to operate the Studio (the "**Opening Package**"). The Opening Package payment is set forth in Appendix A and is due upon your execution of this Agreement. We will provide you with a list of the specific items that will be included in the Opening Package, which is subject to change from time to time.

3.9 Payments of Fees. Your Royalty Fees, Brand Fund Fees, and Technology Fees (the **"Operating Fees"**) are due to us and must be reported to us at the times and in the manner that we specify from time to time in the Manuals or otherwise. Currently, you must pay us your Operating Fees monthly within five business days after the end of each calendar month, based on your Gross Revenue for the preceding month. All other fees and payments due to us must be paid to us within ten days of your receipt of an invoice from us.

3.10 Methods of Payment. You must make all payments due to us (including Operating Fees and other fees) by the method or methods that we specify from time to time in the Manuals, or otherwise in writing, which may include payment via wire transfer or electronic debit to your bank account. You must furnish us and your bank with all authorizations necessary to effect payment by the methods we specify. We currently require you to make payment by electronic debit from your specified checking or savings account, and you must complete, sign, and deliver to us an Authorization Agreement for Preauthorized Payments for this purpose within five business days of our request. You must maintain sufficient funds in your account to permit us to withdraw the fees due from time to time. You may not, under any circumstances, set off, deduct or otherwise withhold any fees, interest charges, or any other monies payable under this Agreement on grounds of our alleged non-performance of any obligations or for any other reason. We may require you to purchase merchant processing services from us, our affiliates, or a vendor that we have approved or designated, each of who may charge a reasonable monthly fee and reasonable per transaction fee. The payment processor may process all credit card payments related to your Studio, and remit payment to you of all monies owed, after withholding any Operating Fees payable to us and any payment processing fees payable to such processor.

3.11 Automatic Debit of Fees. If you fail to timely report your Gross Revenue, or we are otherwise unable to access your Gross Revenue, we may estimate the amount of fees due and make a corresponding withdrawal from your bank account based on our estimate, plus 20% of our estimate and any applicable interest charge or late fee. If we underestimate any fees due, you will remain obligated to pay the total amount of fees due, which we may debit from your account automatically. If we overestimate any fees due, we will credit the fees paid (without interest) against fees due in the next payment period after we receive accurate records regarding your Gross Revenue.

3.12 Interest; Late Fee. If any payment due to us is not received in full by the due date, in adding to being a default under this Agreement, you must pay us daily interest on the amount owed, calculated from the due date until paid, at the rate of 10% per annum (or the maximum rate permitted by law, if less than 10%). You also agree to pay us a late fee in the amount of $100 for each week that a payment is paid after the applicable due date. This late fee is subject to increase upon 60 days' prior written notice but will not be increased more than once in any 12-month period and will not exceed $200 per week.

3.13 Taxes. You are responsible for all taxes, assessments, and government charges levied or assessed on you in connection with your business activities under this Agreement. In addition, as part of the Operating Fees or any other fees that we charge, you will pay to us the amount of any taxes imposed on us or our affiliates (and any taxes imposed on us or our affiliates as a result of such imposition) by federal, state, or local taxing authorities as a result of our receipt of any such fees, not including any tax measured on our income.

Section 4 Project Management, Site Selection, Development, and Opening of Studio

4.1 Site Selection.

(a) Site Proposal. If you identify a site in the Site Selection Area on your own that is reasonably suited for the conduct of the Studio and is consistent with any site selection guidelines that we may provide, before entering into any lease or purchase agreement for the site, you must submit a site proposal package describing details about the proposed site and provide any other information that we reasonably require, including photos and/or videos of the site. You must provide us or our representatives with an opportunity to visit the site, which we may choose to visit in our sole discretion. We will review each site and determine whether to accept it using our proprietary site selection assistance criteria. You acknowledge that we may refuse to accept a proposed site for any reason.

(b) Site Acceptance. If we accept the proposed site and you obtain it, we will insert a description of the specific location on Schedule 1 to Appendix A (the "**Site Schedule**") and designate the Territory based on the factors that we deem relevant, in our sole discretion, which might include demographics, the character and location of the Site, and nearby businesses and residences. The address listed on the Site Schedule, if completed and signed by us, will be the **"Site"** referred to in this Agreement. You must return to us upon our request a signed copy of the Site Schedule acknowledging the Territory that we have designated and the Site. Once we have defined the Territory, you will have no territorial or other rights in those portions of the Site Selection Area that are outside the Territory.

(c) Acknowledgement**. YOU ACKNOWLEDGE AND AGREE THAT OUR ACCEPTANCE OR PROPOSAL OF A PROPOSED SITE IS NOT A WARRANTY OR REPRESENTATION OF ANY KIND AS TO THE POTENTIAL SUCCESS OR PROFITABILITY OF YOUR STUDIO. WHILE WE MAY PROVIDE ASSISTANCE AND GUIDANCE, IT IS SOLELY YOUR RESPONSIBILITY TO SELECT A SUITABLE SITE FOR THE STUDIO.**

4.2 Site Acquisition.

(a) Site Agreement. Before you or an affiliate make a binding commitment to purchase, lease, or sublease a site, we must confirm the location in writing and approve in writing the form of a proposed purchase agreement or a proposed lease or sublease agreement for the site (the "**Site Agreement**"), which must contain any provisions that we may reasonably require. If you lease the Site, you must provide us with a fully executed copy of our then-current form of lease addendum, the current form of which is attached as Appendix D (the "**Lease Addendum**"). Our review of the Site Agreement is (i) for our own benefit only, (ii) is not intended to supplement or replace a review by your attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (x) the business or economic terms of the transaction, (y) the potential profitability of a Studio at that Site, or (z) matters of title with respect to the Site. We may require you to engage an attorney to review your Site Agreement and to supply us with reasonable documentation in connection with such review, including an abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor. If we confirm your Site Agreement is acceptable, you must deliver to us the completely executed Site Agreement and, if applicable, Lease Addendum within 10 days after execution of the Site Agreement. You may not amend or renew any Site Agreement without our written consent and must comply with the terms and conditions of your Site Agreement. We are not obligated to execute any Site Agreement or provide any guarantee with respect to any Site Agreement.

(b) Site Acquisition Deadline. You must secure a Site that we have accepted by signing a Site Agreement within 90 days after the Effective Date (the "**Site Acquisition Deadline**"). We may, in our sole discretion, extend the Site Acquisition Deadline, which we may condition on you agreeing to pay an extension fee of $1,500 for each month (or portion of a month) for which the Site Acquisition Deadline is extended and you executing a general release. If you do not secure a Site that we have accepted by the Site Acquisition Deadline and we do not agree to extend it, we may terminate the Franchise Agreement.

4.3 Site Construction.

(a) Plans. We will make available to your architect a set of prototype plans and specifications (not for construction) for the Studio and for the exterior and interior design and layout. Your architect must adapt for the Site our standard plans and specifications for the exterior and interior design and layout, fixtures, furnishings, signs, Trade Dress, climate control systems, and equipment for the Studio. Among other things, your Studio must incorporate our proprietary Super G Floor system and our proprietary Iso-Kinetic Band system, each of which must be purchased from suppliers that we designate (which may include us or our affiliates). Your architect must develop a floor plan for the Site, as well as interior evaluations, for our review and approval. If we accept the initial plans, your architect must develop a full set of architectural drawings and specifications for the construction of the Studio showing all leasehold improvements, interior designs, and elevations developed by your architect (collectively, the **"Plans"**). You must submit to us the Plans and any other information about the project that we reasonably request. We may require you to make modifications to the Plans before we accept them. Our review of your Plans is limited to ensuring your compliance with our design requirements and System Standards and will not assess the structural integrity of the design or compliance with applicable federal, state, and local laws, rules, regulations, and ordinances ("**Applicable Laws**") or your Site Agreement. After we have accepted the final Plans, you may not modify the Plans without our prior written consent.

(b) Permit, Licenses, and Compliance. Before beginning any construction, you, at your expense, must obtain all necessary government permits and licenses for the lawful construction and operation of your Studio. You must abide by your landlord's rules and guidelines. It is your responsibility to ensure that all Plans comply with all Applicable Laws, including the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions.

(c) General Contractor. You must provide us with written notice identifying your proposed general contractor, and you must ensure that the contractor is duly licensed in your jurisdiction and adequately insured.

(d) Construction Phase. You may not begin construction until we have given you written approval of the Plans. You must complete the construction of your Studio in accordance with the approved Plans at your expense. You must notify us in writing promptly when construction begins and must maintain continuous construction until the Studio is completed. We or our agents may inspect the construction at all reasonable times and may require you to submit videos or photos of the construction. However, we assume no duty to (i) locate deviations from the Plans or Applicable Laws or (ii) detect any defect which was or might have been disclosed by any such inspection or to call them to your attention. Our reviews, inspections, or approvals are solely for the purpose of determining the progress of construction of the Studio, monitoring compliance with System Standards, and authorizing the opening of the Studio. If we identify any deviations or defects and/or advise you of same, it shall be your sole responsibility to address and remedy such deviations or defects. After completion of construction, you must promptly obtain a certificate of occupancy and provide a copy of the certificate to us.

4.4 Opening Deadline. You must complete construction of and open your Studio for business no later than 240 days after possession of the Site is delivered to you by your landlord and no later than one year after the Effective Date (the **"Opening Deadline"**), unless we grant you an extension in writing. We may, in our sole discretion, extend the Opening Deadline, which we may condition on you agreeing to pay an extension fee of $2,500 for each month (or portion of a month) for which the Opening Deadline is extended and you executing a general release. You may not open the Studio until you have received our written approval, which we will not provide until (i) we have viewed the certificate of occupancy, (ii) confirmed that you have complied with the Plans, and (iii) confirmed that you have complied with the pre-opening marketing obligations set forth in this Agreement and have done so in accordance with our System Standards as set forth in the Manuals or otherwise. You must open the Studio for business to the public within ten days from the date we give our written approval. Time is of the essence in constructing the premises for and opening the Studio.

4.5 Relocation. You may not relocate the Studio without our prior written consent. Such approval will not be unreasonably withheld, provided that (i) the new location for the Studio premises is satisfactory to us and you comply with our then-current development requirements, (ii) your lease, if any, for the new location complies with our then-current requirements and you and your landlord execute the Lease Addendum, (iii) you comply with our then-current requirements for constructing and furnishing the new location, (iv) the new location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Studio, (v) you have fully performed and complied with each provision of this Agreement within the last three years prior to, and as of, the date we consent to such relocation (the **"Relocation Request Date"**), (vi) no Event of Default (as defined in Section 14.1 (Events of Default)), or event which with the giving of notice and/or passage of time would constitute an Event of Default, exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If your Site Agreement expires or is otherwise terminated, you must secure our approval of another site and enter into a Site Agreement for the new accepted site within 90 days. You agree to pay us the Relocation Fee upon notifying us of your intent to relocate the Studio to a new Site, whether or not the new Site is accepted. We reserve the right to terminate this Agreement if you fail to secure a new accepted site within 90 days after you lose the Site lease.

Section 5 Training and Assistance

5.1 Initial Training. Prior to opening the Studio, your Operating Principal, your Studio Manager, and your Training Manager (collectively, **"Required Trainees"**) must personally attend and satisfactorily complete our initial training program (**"Initial Training"**). We will provide Initial Training as soon as practicable after the execution and delivery of this Agreement. Initial Training may be provided at our affiliate's Studio located in New York, New York, at any other location that we designate, or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. Initial Training may also include on-site training at your Studio and follow-up training, as we, in our sole discretion, deem necessary after the opening of your Studio. We reserve the right to modify the length and location of Initial Training or to conduct all or any portion of the Initial Training online. We may waive a portion of Initial Training or alter the training schedule if we determine that your Required Trainees have sufficient prior experience or training or have previously been trained at one of our Studios. Each subsequent Required Trainee must attend our Initial Training unless we otherwise agree in writing, but we may permit them to attend Initial Training remotely via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

(a) Cost. We will provide Initial Training for your Required Trainees at no additional charge, provided that all of your trainees are trained during the same training session. If space is available, you may bring more than three representatives to Initial Training. We reserve the right to charge a training fee of $500 per person per day, which we may increase up to $1,000 per person per day upon 60 days' written notice to you, for (i) each person in addition to the Required Trainees, (ii) each person who is repeating the course or replacing a person who did not pass, and (iii) each subsequent trainee who attends the course.

(b) Completion of Initial Training. If your Required Trainees are unable to successfully complete, in our sole discretion, Initial Training for any reason, your Required Trainees must repeat Initial Training or you must send replacement Required Trainees to complete Initial Training. Your Required Trainees must successfully complete Initial Training at least 30 days before the Opening Deadline. If you and your personnel satisfactorily complete our Initial Training and you do not expressly inform us at the end of Initial Training that you feel that you or they have not been adequately trained, then you and they will be deemed to have been trained sufficiently to operate a Studio.

5.2 Opening Assistance. Upon your request or if we determine it necessary, we will have a representative provide you with on-site assistance and training at the Studio in the two days before and two days after the opening date of the Studio. You will be responsible for the travel and living expenses of our representative during these five days.

5.3 Additional Training. We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at a location that we designate. We may require your Required Trainees or employees to satisfactorily complete any additional training programs that we specify. We may charge you a reasonable fee for such additional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine.

5.4 Remedial Training. If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals or as we otherwise designate or Manuals or if any of your Required Trainees fail to successfully complete any additional training programs, we may, in addition to all of our other rights and remedies, assign trainers to the Studio to retrain your Required Trainees and restore service levels and/or require your Required Trainees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a reasonable fee (currently, $500 per day) for each trainer assigned to your Studio and any remedial training. We may increase the amount to be charged for each trainer upon 60 days' prior written notice.

5.5 Training by You. Your Operating Principal and/or your Studio Manager are responsible for training all of your Studio personnel, including subsequent Studio Managers, in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your Studio personnel in accordance with our standards, we may prohibit you from training additional personnel and either require them to attend training at our headquarters (for the fee described in Section 5.1(a) (Initial Training)) or pay for our costs and expenses to send one of our representatives to train them at your Studio.

5.6 Requested Consulting Services. We will provide to you additional consulting services with respect to the operation of the Studio upon your reasonable request and subject to the availability of our personnel. We will make available to you information about new developments, techniques, and improvements in the areas of merchandising, advertising, management, operations, and Studio design. We may provide such additional consulting services through the distribution of printed or filmed material, an intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person. If such services are rendered in person other than at our offices, you must pay us a consulting fee of $500 for each of our employees or agents for each day or partial day that they render services. We may increase the amount to be charged for such requested consulting services up to $1,000 for each of our employees or agents for each day or partial day that they render services upon 60 days' prior written notice. Such additional consulting services will be rendered at a mutually convenient time.

5.7 Meetings and Conferences. You, your Operating Principal, your Studio Managers, or any of your representatives that we designate must attend franchise conventions, meetings, webinars, and teleconferences that we or may require periodically in the Manuals or otherwise in writing. We, in our sole discretion, will designate the time and place of any meetings, which may be held in-person or remotely via teleconference or web seminar. We may require you to pay us a registration fee, which will not exceed $2,000 per attendee. You are responsible for arranging and paying for travel and living expenses that you and/or your representatives incur. If you or any of your representatives fail to attend any events that we require you and/or they to attend, regardless of the reason for the absence, you must pay us the registration fee that each absent required attendee would have incurred plus $500 for each absent required attendee, unless we have previously excused them in writing in our sole discretion.

5.8 Travel and Living Expenses. You are responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by your trainees. You are responsible for reimbursing us for any travel and living expenses incurred by our personnel or agents related to providing any additional training, remedial training, or consulting services at your Studio.

Section 6 Studio Operation and System Standards

6.1 Manuals.

(a) Compliance with the Manuals. We will furnish you with electronic access to our Manuals, on loan for as long as this Agreement or a successor franchise agreement remains in effect. We reserve the right to establish terms of use for access to any restricted portion of our website. You must comply with and abide by each required System Standard contained in the Manuals, as they may be amended, modified, or supplemented periodically and such other written or electronically transmitted System Standards that we may issue periodically. You acknowledge that we may amend, modify, or supplement the Manuals at any time, so long as such amendments, modifications, or supplements will, in our good faith opinion, benefit us and our existing and future franchisees or will otherwise improve the System. You must comply with revised mandatory System Standards within 30 days after we transmit the updates, unless otherwise specified.

(b) Use of the Manuals. You agree to keep your copy of the Manuals up-to-date. If there is any dispute as to the current contents of the Manuals, the terms of our master copy maintained at our headquarters will control. You must treat the Manuals, and the information contained therein, as confidential and must maintain the confidentiality of such information. You must not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manuals, in whole or in part, or otherwise make their contents available to any unauthorized person, except as provided in Section 10 (Proprietary Information). You acknowledge that we own the copyright in the Manuals and that any authorized or unauthorized printed copies of any portion of the Manuals remain our property and must be returned to us immediately upon expiration or termination of this Agreement.

6.2 Management and Personnel.

(a) Studio Management. Unless otherwise specified in the Manuals, at all times that your Studio is open for business, it must be under the personal, on-premises supervision of either you, your Operating Principal, your Studio Manager, your Training Manager, or a trained attendant. Your Studio Manager or another trained manager must be available at all times the Studio is open for business. You may not permit your Studio to be operated, managed, directed, or controlled by any other person or Entity without our prior written consent.

(b) Employment Decisions and Policies. You are solely responsible for all labor and employment-related matters and decisions related to your Studio, including hiring, firing, promoting, demoting, disciplining, scheduling, and compensating (including through wages, bonuses, or benefits) your employees. You must ensure that your employees are qualified to perform their duties in accordance with our System Standards and successfully pass a background check. To the extent that the Manual or our guidelines or standards contain employment-related or security-related policies or procedures, those policies and procedures are provided for informational purposes only and do not represent mandatory policies and procedures to be implemented by you. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Studio. We have no relationship with your employees, and you have no relationship with our employees.

(c) Replacement Studio Manager or Training Manager. If your Studio Manager or Training Manager ceases to be employed by you at the Studio, you must, within 30 days after your former Studio Manager's or Training Manager's employment at the Studio ends, appoint a new Studio Manager or Training Manager, and have them successfully complete Initial Training. If you are unable to immediately appoint and train a Studio Manager or Training Manager, we may, in our sole discretion, provide a Studio Manager or Training Manager to work at your Studio temporarily until a new Studio Manager or Training Manager is appointed and trained. In such instances you will pay to us our actual costs and expenses for such temporary Studio Manager or Training Manager so assigned to the Studio, including, without limitation, such Studio Manager's or Training Manager's salary and travel and living expenses. In addition, we may charge you a reasonable fee for this service.

6.3 Operation of the Studio. You will not use the Site for any purpose other than the operation of the Studio in compliance with the System and the Manuals. You will not lease, sublease, or assign the Site Agreement for all or any portion of the Site, without our prior written consent. You may not offer or allow others to offer classes at the Studio other than TA Tracy Anderson® classes taught by TA Tracy Anderson® instructors.

(a) Restricted Uses. You, your Owners, and your affiliates may not provide personal training services, Pilates instruction, yoga instruction, massage, medical spa, tanning or any other health-related services to your Studio's customers (whether those services are provided at the Studio or any other location) without our prior written approval, which we may withhold in our sole discretion. You, your Owners, and your affiliates may not operate any retail location providing any products or services that are ancillary to the Studio's business to customers (such as, for example, a juice or smoothie bar) from a location at or near the Site.

(b) Operating Hours. You must keep the Studio open for business to the public at least during the hours we prescribe from time to time in the Manuals or otherwise approve, unless prohibited by Applicable Laws or by the lease (if any) for the Studio premises.

(c) Notice of Independent Contractor. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Studio under license from us, and you must display in a conspicuous location in or upon the Studio, or in a manner that we specify, a sign containing the following notice or an alternative notice that we specify: "This business is owned and operated independently by [name of franchisee] who is an authorized licensed user of the trademark TA Tracy Anderson®, which is a trademark owned by Tracy Anderson Mind and Body, LLC and licensed by TA Franchise, LLC." You must include this notice or other similar language that we specify on all forms, advertising, promotional materials, business cards, receipts, letterhead, contracts, stationary, and other written materials we designate.

(d) Memberships. You may offer customers the chance to become members (a "**Member**") by signing a membership agreement in a form that we have prescribed or approved in writing (the "**Membership Agreement**"), unless we specify otherwise in writing. We will specify in the Manuals or otherwise in writing the types of memberships and passes you may offer to customers and the benefits you must provide to Members who purchase certain memberships or passes. You must follow any rules and polices that we include in the Manuals with respective to your Members.

(e) Membership Agreements and Studio Waivers. We will provide you with templates for Membership Agreements, certain other agreements and related waivers for use in your Studio. You will be responsible for (i) modifying Membership Agreements and waivers to comply with Applicable Laws; and (ii) providing the appropriate agreements to customers. You must obtain our written consent before you use a modified or different form of such agreements or waivers. Our review of any agreement or waiver that you propose to use is limited to ensuring your compliance with our content requirements. Our acceptance of a form of an agreement or waiver is not a warranty or representation of any kind as to the compliance of such agreement or waiver with Applicable Laws. It is solely your responsibility to ensure that any agreements or waivers that you use in your Studio comply with Applicable Laws.

6.4 Minimum Performance Levels. Currently, we do not require you or other franchisees to achieve minimum performance levels, but we reserve the right to require you and other franchisees to meet reasonable minimum performance levels that we may specify from time to time (the "**Minimum Performance Levels**"). The Minimum Performance Levels may require your Studio to achieve during specified time periods, among other things, (i) a minimum number of Members, (ii) a minimum number of visits, and/or (iii) a minimum amount of revenue. If we require you to meet Minimum Performance Levels in the future and if, once implemented, we in our sole discretion change the Minimum Performance Levels, we will (a) announce the specific requirements to you and the franchise system at least six months in advance of the date in which such requirements would go into effect and (b) enact Minimum Performance Levels that at least 80% of all franchised Studios exceeded in the period immediately preceding their announcement. You acknowledge that the Minimum Performance Levels required for your Studio may vary from those required for other franchisees based on the size or location of the applicable Studios or other variables that we specify. If we implement the Minimum Performance Levels and you fail to meet the Minimum Performance Levels in any calendar year, you must create a business plan that we must approve in writing and you must diligently implement the business plan during the next calendar year. If you fail to meet the Minimum Performance Levels for two consecutive years, such failure shall be an Event of Default.

6.5 Studio Appearance.

(a) Signage. You must place or display at the Site (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we periodically require or authorize.

(b) Maintenance. You must maintain the exterior (including parking lot) and interior of your Studio and all fixtures, furnishings, signs, and equipment (the **"Operating Assets"**) in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with the Manuals. You agree to take, without limitation, the following actions during the Term at your expense: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Studio at intervals that we may periodically designate and at our direction; (ii) interior and exterior repair of the Studio as needed; and (iii) repair or replacement, at our direction, of damaged, worn-out or obsolete Operating Assets at intervals that we may periodically specify (or, if we do not specify an interval for replacing any item, as that item needs to be repaired or replaced).

(c) Renovations. Upon our written request, but not more than once every five years, you must refurbish and renovate the Studio at your expense to conform the decor, Trade Dress, color schemes, signage, and presentation of the Marks to our then-current image and design. Such renovations may include, as we deem necessary, remodeling, redecoration, and other modifications to existing improvements and updating or replacing any Operating Assets. You acknowledge that this obligation could result in your making extensive structural changes to, and significantly remodeling and renovating, the Studio, and/or in your spending substantial amounts for new Operating Assets, and you agree to incur, without limitation, any capital expenditures required in order to comply with this obligation and our requirements (even if those expenditures cannot be amortized over the remaining Term). Within 60 days after receiving written notice from us, you must have plans prepared according to the

System Standards we prescribe and, if we require, using architects and contractors we approve, and you must submit those plans to us for our approval. You must complete all work according to the plans we approve within the time period that we reasonably specify.

6.6 Classes. You must conduct all classes in accordance with the System. You must offer at the Studio any classes or programs that we deem to be mandatory. We will provide you with workout content on a weekly basis (or on another frequency that we specify) that you must use in your classes in accordance with our directions. If we modify or withdraw our approval of a class or program that you have offered, you must immediately discontinue offering or modify the class or program in accordance with our instructions. You may not develop or offer your own classes, programs, or workout content, unless we consent otherwise in writing.

6.7 Pricing. If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. You acknowledge and agree that we may require you to employ a premium pricing strategy that is consistent with the elite level of services that you are required to provide. Currently, we require you to charge Members and customers rates equal to or in excess of our minimum pricing schedule, as set forth in the Manuals, which we may change from time to time in writing. Otherwise, you are solely responsible for determining the prices that you will charge Members and customers. You must provide us with your current price list upon our request.

6.8 Products, Supplies, Operating Assets, and Services.

(a) Purchases. We have the right to require that products, supplies, Operating Assets, and services that you purchase for resale or purchase or lease for use in your Studio: (i) meet specifications that we establish from time to time; (ii) be a specific brand, kind, or model; (iii) be purchased or leased only from suppliers or service providers that we have expressly approved; (iv) be purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates); and/or (v) be purchased as part of a purchasing program, arrangement, or contract that we negotiate or specify. To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manuals or otherwise in writing.

(b) Products and Services You May Offer. You may offer in the Studio to customers only the products, services, workout content, and classes that we have approved in writing. In addition, you must offer the specific products, services, workout content, and classes that we require in the Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific products, services, workout content, and classes as optional or mandatory. You must offer all products, services, workout content, or classes that we designate as mandatory. You may sell products and services only in the varieties, forms, and packages that we have approved in accordance with our System Standards. You must maintain a sufficient supply of required products to meet the inventory standards we prescribe in the Manuals (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

(c) Revenue from Purchases. You acknowledge and agree that we and/or our affiliates may derive revenue based on your purchases and leases, including from charging you for products, services, and other items, we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers and/or distributors that we designate or approve for some or all of our franchisees. We and our affiliates may use all amounts received from suppliers and/or distributors, whether or not based on your or other franchisees' actual or prospective dealings with them, without restriction for any purposes we or our affiliates deem appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers and/or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Revenue.

(d) Approval Process. If you would like to offer products, services, or classes or use any supplies, Operating Assets, or services that we have not approved or to purchase or lease from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed products and to evaluate the proposed service provider and the proposed service offerings. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of products, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 90 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. You acknowledge that the products and services that we approve for you to offer in your Studio may differ from those that we permit or require to be offered in other Studios.

(e) Revocation of Approval. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider and to revoke approval of the item, service, supplier, or service provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to cease purchasing or leasing the formerly-approved item or service or any items or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct. If we revoke approval of a previously-approved product that you have been selling to customers or service that you have been offering to customers, you must immediately discontinue offering the service and may continue to sell the product only from your existing inventory for up to 30 days following our disapproval. We have the right to shorten this period if, in our opinion, the continued sale of the product would prove detrimental to our reputation. After the 30-day period, or such shorter period that we may designate, you must dispose of your remaining formerly-approved inventory as we direct.

(f) Use of Vendor Relationships. You may not use vendor relationships that you establish through your association with us or the TA Tracy Anderson® brand for any other purpose besides the operation of the Studio.

6.9 Distribution. You may not make any sales of products or services outside of the Studio or conduct classes or programs outside of the Studio, unless we consent in writing. You agree to purchase products solely for resale to retail customers, and not for resale or redistribution to any other party, including other TA Tracy Anderson® franchisees. You may not offer products or services in connection with the Marks on any website on the Internet or any other electronic communication network unless we consent in writing.

6.10 Technology System.

(a) Acquiring and Updating the Technology System. You must obtain, maintain, and use the hardware, other equipment, software, and network connections that we specify periodically in the Manuals necessary to operate our point-of-sale system (including, maintenance and service support for the point of sale back-office system), and other technology systems that we designate (collectively, the **"Technology System"**). If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software requires. You must replace, upgrade, or update at your expense the Technology System as we may require periodically without limitation. We will establish reasonable deadlines for implementation of any changes to our Technology System requirements.

(b) Use of the Technology System. You must use the Technology System to (1) enter and track purchases, attendance, and membership information, (2) update inventory, (3) generate sales reports and analysis relating to the Studio, and (4) provide other services relating to the operation of the Studio. You agree: (i) that your Technology System will be dedicated for business uses relating to the operation of the Studio; (ii) to use the Technology System in accordance with our policies and operational procedures; (iii) to transmit financial and operating data to us as required by the Manuals; (iv) to do all things necessary to give us unrestricted access to the Technology System at all times (including users IDs and passwords, if necessary) so that we may independently download and transfer data via a network connection that we specify; (v) to maintain the Technology System in good working order at your own expense; and (vi) not to load or permit any unauthorized programs or games on any hardware included in the Technology System. You also must comply with all Applicable Laws and payment card provider standards relating to the security of the Technology System, including the Payment Card Industry Data Security Standards. You are responsible for any and all consequences that may arise if the system is not properly operated, maintained and upgraded or if the Technology System (or any of its components) fails to operate on a continuous basis or as we or you expect.

6.11 Compliance with Laws and Good Business Practices.

(a) Compliance with Applicable Laws. You must comply with all Applicable Laws. You must obtain and maintain in good standing any and all licenses, permits, certificates, bonds, and consents necessary for you to lawfully construct and operate the Studio. You have sole responsibility for such compliance despite any information or advice that we may provide.

(b) Compliance with Good Business Practices. You must in all dealings with your customers and Members, prospective customers and Members, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which might injure our business or the goodwill associated with the Marks or other Studios.

(c) Taxes. You must pay when due all taxes, assessments, and governmental charges upon or against you or your real or personal properties, income, and revenue; provided that no such tax, assessment, or governmental charge need be paid so long as the validity, applicability, or amount thereof is being contested in good faith by appropriate proceedings and appropriate reserves are maintained to pay the disputed amount, if necessary.

(d) Duty to Notify. You must notify us in writing within three days after the commencement of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of the Studio, including any criminal action or proceeding brought by you against any employee, customer, or other person, but excluding civil proceedings against customers to collect monies owed. You must also forward to us, within three days after your receipt of such notice, copies of all subsequent inspection reports, warnings, certificates and ratings, issued by any governmental authority during the Term in connection with the operation of the Studio which indicate your failure to meet or maintain the highest governmental standards or less than full compliance by you with any Applicable Laws.

6.12 Insurance. During the Term you must maintain in force at your sole expense the insurance coverage for the Studio in the amounts, covering the risks, and containing only the exceptions and exclusions that we periodically specify in the Manuals for all similarly situated Studios. All of your insurance carriers must be rated A or higher by A.M. Best and Company, Inc. (or such similar criteria as we periodically specify). These insurance policies must be in effect on or before the deadlines we specify. All coverage must be on an "occurrence" basis, except for the employment practices liability insurance coverage, which is on a "claims made" basis. All policies shall apply on a primary and non-contributory basis to any other insurance or self-insurance that we or our affiliates maintain. All general liability and workers' compensation coverage must provide for waiver of subrogation in favor of us and our affiliates. We may, upon at least 60 days' notice to you, periodically increase the amounts of coverage required and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies must name us and any affiliates we designate as an additional insured and provide for 30 days' prior written notice to us of a policy's material modification or cancellation. You agree periodically to send us a valid certificate of insurance or duplicate insurance policy evidencing that you have maintained the required coverage and paid the applicable premiums. If you fail to obtain or maintain (or to prove that you have obtained or maintained) the insurance we specify, in addition to our other remedies, we may (but are not obligated to) obtain such insurance for you and the Studio on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance and pay us a reasonable fee for such service, which will not exceed $1,000.

6.13 Franchisee Advisory Council. We may establish an advisory council of franchisees (**"Franchisee Advisory Council"**) using a form and process set forth in the Manuals to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or dissolve the Franchisee Advisory Council at any time. If we establish a Franchisee Advisory Council, you must participate in all council-related activities and meetings and must pay any dues related to the administration of the Franchisee Advisory Council.

Section 7 Marketing

7.1 Our Advertising Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising or promotional programs in such form and media as we determine to be most effective. We may make available to you for you to purchase approved advertising and promotional materials that we have prepared. We or our affiliates will retain all copyrights relating to such advertising materials.

7.2 Brand Fund.

(a) Fund Management. We may, but are not obligated to, establish and maintain the Brand Fund, a segregated or independent fund into which all Brand Fund Fees will be paid. In no event will we be deemed a fiduciary with respect to any Brand Fund Fees we receive or administer. We are not required to have an independent audit of the Brand Fund completed. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 60 days after the close of our fiscal year to franchisees that make a written request for a copy. If any monies in the Brand Fund remain at the end of a fiscal year, they will carry-over in the Brand Fund into the next fiscal year. We or one of our affiliates may make or otherwise arrange loans to the Brand Fund in any year in which the balance of the Brand Fund is negative and charge a reasonable rate of interest. The amounts loaned to the Brand Fund will be repaid from future contributions to the Brand Fund in the year the loan is made or in subsequent years.

(b) Use of Brand Fund. We may use monies in the Brand Fund and any earnings on the Brand Fund account for any costs associated with advertising (media and production), branding, marketing, public relations and/or promotional programs and materials, and any other activities we believe would benefit the TA Tracy Anderson® brand or the Studios generally, including advertising campaigns in various media; creation, maintenance, and optimization of websites, apps, and other digital commerce channels or devices designed to attract, retain, serve, and/or otherwise engage customers; keyword or adword purchasing programs; conducting and managing social media activities; direct mail advertising; market research, including, without limitation, secret shoppers and customer satisfaction surveys; branding studies; employing advertising, social media marketing, and/or public relations agencies; developing or purchasing promotional items; conducting and administering promotions, contests, giveaways, public relations events, and community involvement activities; organizing, funding, or operating a charitable foundation or other charitable entities or activities; and providing promotional and other marketing materials and services to our franchisees. We will not use the Brand Fund for anything whose sole purpose is the marketing of franchises, however, you acknowledge that the System Website, public relations activities, community involvement activities, and other activities supported by the Brand Fund may contain information about franchising opportunities. We will not use any contributions to the Brand Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Brand Fund or the management of Brand Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Brand Fund activities and retainers and fees for outside agencies). We may use monies in the Brand Fund to pay for an independent audit of the Brand Fund, if we elect to have it audited. We do not guarantee that you will benefit from the Brand Fund in proportion to your contributions to the Brand Fund.

(c) Control Over Brand Fund. We may consult with, in our sole discretion, a Franchisee Advisory Council or a committee of franchisees that we appoint regarding marketing programs. However, we have the right to direct all marketing programs and uses of the Brand Fund, with the final decision over creative concepts, materials, and media used in the programs and their placement.

(d) Materials Produced. Any sales and other materials produced with Brand Fund monies will be made available to you without charge or at a reasonable cost. The proceeds of such sales will also be deposited into the Brand Fund.

(e) Other Contributions. If we or our affiliates operate any Studios, we or our affiliates will contribute to the Brand Fund a percentage of the receipts of those Studios, on the same basis as required for franchisees. If we reduce the Brand Fund contribution rate for franchisees, we will reduce the contribution rate for company or affiliate-owned Studios by the same amount. You acknowledge that our other franchisees may not be required to contribute to the Brand Fund, may be required to contribute to the Brand Fund at a different rate than you, or may be required to contribute to a different Brand Fund.

(f) Dissolution or Modification. We reserve the right to dissolve or modify the Brand Fund at any time. The Brand Fund, however, shall not be terminated or dissolved until all monies held in the Brand Fund have been expended for the purposes described in this Agreement.

7.3 Local Marketing.

(a) Local Marketing Requirements. You must participate in such advertising, promotional, and community outreach programs that we may specify from time to time, at your own expense. You must use your best efforts to promote the use of the Marks in your Territory. You must ensure that all of your advertising, marketing, promotional, customer relationship management, public relations and other brand-related programs and materials that you or your agents or representatives develop or implement relating to the Studio are (i) completely clear, factual and not misleading, (ii) compliant with all Applicable Laws, and (iii) in conformance with the highest ethical standards and the advertising and marketing policies that we periodically specify. There are no territorial restrictions from accepting business from customers that reside or work or are otherwise based outside of your Territory, but we reserve the right to implement rules and restrictions regarding soliciting or marketing to such customers in the future in our Manuals or otherwise in writing.

(b) Approval of Advertising Materials. You must obtain our advance written approval prior to using or producing any advertising or marketing materials using any of the Marks, in whole or in part, other than materials that we have provided to you. You agree to conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manuals or otherwise. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 14 days from the date we received the material, the material is deemed disapproved. We reserve the right, in our sole discretion, to require you to discontinue the use of any advertising or marketing materials.

(c) Minimum Marketing Expenditure. You must spend at 1% of your Gross Revenue per calendar quarter on local advertising and promotional activities (the **"Marketing Spending Requirement"**). The amount that must be spent in a given quarter will be based on your actual Gross Revenue in the immediately preceding quarter. Your Marketing Spending Requirement is in addition to your Brand Fund Fee. We have the right to designate in the Manuals the types of expenditures that will or will not count toward the Marketing Spending Requirement. At our request, you must submit appropriate documentation to verify compliance with the Marketing Spending Requirement. If you fail to spend (or prove that you spent) the Marketing Spending Requirement in any quarter, then we may, in addition to and without limiting our other rights and remedies, require you to pay us the shortfall as an additional Brand Fund Fee or to pay us the shortfall for us to spend on local marketing for your Studio.

(d) Grand Opening Advertising. In connection with the opening of the Studio, you must spend a minimum of $25,000 for grand opening advertising and promotion beginning 120 days before, and ending 30 days after, the opening of your Studio in accordance with a plan that you must submit to us. We have the right to modify your grand opening plan, in our sole discretion, and may require you to use a public relations firm to assist with your grand opening. The wages and other payroll-related expenses of your employees shall not be credited towards this spending requirement. No amount paid by you for your grand opening will be credited toward the Marketing Spending Requirement. You must provide us with supporting documentation evidencing these expenditures upon request. We will provide you with guidance regarding your presales efforts.

7.4 Promotional Programs. You must participate in all promotional programs that we require franchisees to participate in, including in-Studio promotions and corporate or national account programs. You must follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing. You must not allow use of gift certificates, gift cards, or coupons (including Groupons, ClassPass, and similar discount programs), unless approved or offered by us or our affiliates.

7.5 Advertising Cooperatives. You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or approve for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Studios (**"Advertising Cooperatives"**) and to abide by the bylaws, rules, and regulations duly required by the Advertising Cooperative, which we have the right to mandate or approve. If you join an Advertising Cooperative, the Advertising Cooperative may require you to spend additional funds on marketing programs conducted by the Advertising Cooperative, which may be in addition to your Brand Fund Fee or Marketing Spending Requirement. We shall have the right to approve any marketing materials or marketing programs developed by any Advertising Cooperative in the same manner as specified in Section 7.3(b) (Approval of Advertising Materials).

7.6 Digital Marketing.

(a) Restrictions. We or our affiliates may, in our sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons, mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, your Studio, and the entire network of Studios. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Studio. Unless we consent otherwise in writing, you and your employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Studio or the network. If we do permit you or your employees to conduct any Digital Marketing, you or your employees must comply with any policies, standards, guidelines, or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such policies, standards, guidelines, or requirements. If we permit you or your employees to conduct any Digital Marketing, we will have the right to retain full control over and ownership of all websites, social media accounts, mobile applications or other means of digital advertising that we have permitted you to use. We may withdraw our approval for any Digital Marketing or suspend or terminate your use of any Digital Marketing platforms at any time.

(b) System Website. As part of our Digital Marketing, we or one of our designees will operate and maintain a System Website, which will include basic information related to the Studio, the ability for customers to purchase classes and private training sessions at your Studio, and access to the Studio's reservation system. You must promptly provide us with any information that we request regarding your Studio for inclusion on the System Website.

Section 8 Records, Reports, Audits, and Inspections

8.1 Bookkeeping and Records. You agree to keep complete and accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles and using the forms and accounting software that we designate. You must preserve all of your books and records in hard copy or in a format from which hard copies can be readily generated for at least five years from the date of preparation or such longer period as may be required by law. You must maintain such information and records on the Technology System. We or a third-party vendor that we designate must have remote access to the information and records on the Technology System via a network connection that we will specify. At our request, you must retain and use, at your expense, the services of an accountant or accounting firm that we approve.

8.2 Reports and Financial Statements. You agree to submit financial and operational reports and records to us at the times and in the manner we specify. By April 15th of each year, you must submit your balance sheet and income statement for the previous calendar year, which must be prepared in accordance with generally accepted accounting principles and must be certified as correct and complete by your Operating Principal. We have the right to demand audited financial statements if an Event of Default has occurred within the last calendar year or if we suspect the statements are inaccurate. In addition, you must provide us within 15 days after our request, exact copies of federal and state income and other tax returns and any other forms, records, books, reports and other information that we periodically require relating to the Studio or you. Within 120 days after opening your Studio, you must provide a report in a form that we specify detailing the expenses you incurred related to constructing and opening your Studio.

8.3 Additional Information. You must respond promptly to requests from us for clarification and/or additional information regarding any matter entrusted to you under this Agreement. We may from time to time require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide a basis for providing our prospective franchisees with information concerning actual or potential earnings or to comply with Applicable Laws governing the sale of franchises. You must provide such information promptly upon our request, and you will certify that such information is true and complete in all material respects.

8.4 Inspection. We have the right, through our employees or any agents we designate, at any time during business hours and without prior notice to you to: (i) inspect the Site and Studio for compliance with the Manuals, (ii) videotape, photograph or otherwise record the operation of the Studio, (iii) interview your employees, landlord, and customers, (iv) examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of the Studio, including any that are stored digitally or off-site, and (v) examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of the Studio. We may require you to install and maintain, at your expense, a video surveillance system that we designate which we may access remotely through a connection that we specify to ensure compliance with our standards and the

Manuals. You must cooperate with such inspections by giving our representatives unrestricted access and rendering such assistance as our representatives may reasonably request. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, not to exceed 30 days, we have the right to correct such deficiencies and charge you a reasonable fee plus our costs and expenses incurred in such inspection. Any inspections will be made at our expense, unless the inspection is necessitated by your repeated or continuing failure to comply with any provision of this Agreement, in which case we may charge you the costs of making such inspection, including without limitation the wages and cost of travel and living expenses for our representatives.

8.5 Auditing.

(a) Right to Audit. Without limiting the foregoing, we may audit or cause to be audited any statement you are required to submit pursuant to Section 8.2 (Reports and Financial Statements) and we may review, or cause to be reviewed, the records maintained by any bank or other financial institution used by you in connection with the Studio.

(b) Understatements. If any such audit or review discloses an understatement of the Gross Revenue for any period or periods, you will pay to us, within 10 days after demand for payment is made, all additional Royalty Fees, Brand Fund Fees, or other amounts required to be paid based upon the results of such audit or review. In addition, if such understatement for any period or periods is 2% or more of the Gross Revenue for such period or periods, you will reimburse us for the cost of such audit or review, including the charges of any independent accountant and any related attorneys' fees and the cost of travel and living expenses and wages for such accountant and employees or other agents of us. You will pay to us, upon demand, on any delinquent fees interest at the lesser of 18% per annum or the maximum rate allowed by law calculated from the date when the fees should have been paid to the date of actual payment. These remedies are in addition to our other remedies and rights under this Agreement and Applicable Laws.

8.6 Mystery Shopper Program. We may require you to participate in a mystery shopper service in order to ensure your compliance with the System and our customer service standards. We may specify mystery shopper services that you must engage at your expense, or we may engage the mystery shopper service on your behalf. If we engage the mystery shopper service on your behalf, you must pay us our actual costs and expenses, plus an administrative fee that will not exceed $1,000 per occurrence. You must share the results of any mystery shopper program with us and must promptly address any deficiencies identified in any such report.

Section 9 Intellectual Property.

9.1 Marks and Trade Dress.

(a) Acknowledgements. You acknowledge that (i) we or our affiliates are the owner of the Marks and the Trade Dress, (ii) you have no interest in the Marks and the Trade Dress beyond the nonexclusive License granted in this Agreement, and (iii) as between we or our affiliates and you, we or our affiliates have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement.

(b) Rights. Your right to use the Marks and the Trade Dress applies only to the Studio operated at the Site as expressly provided in this Agreement, including advertising related to the Studio. You may only use in your Studio the Marks and the Trade Dress we designate, and only in compliance with written rules that we prescribe from time to time. You must display the Marks in a manner that we specify on signage at the Studio and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, stationary, and other materials we designate. You must obtain our prior written approval before using materials bearing the Marks that we have not previously approved. We may revoke our approval for any usage of the Marks or Trade Dress at any time upon reasonable notice to you. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we have licensed to you), (iii) in selling any unauthorized services or products, (iv) as part of any domain name, electronic address, metatag, social media account, or otherwise in connection with any website or other electronic medium without our consent, or (v) in any other manner we have not expressly authorized in writing.

9.2 Copyrights. You acknowledge that as between you and us, any and all present or future copyrights relating to the System or the TA Tracy Anderson® concept, including fitness routines, techniques, sequences, and modalities, the Manuals, and marketing materials (collectively, the **"Copyrights"**) belong solely and exclusively to us. You have no interest in the Copyrights beyond the non-exclusive License granted in this Agreement during the Term.

9.3 No Contesting Our Rights. During the Term and after the expiration or termination of this Agreement, you agree not to directly or indirectly contest our ownership, title, right or interest in or to, or our license to use, or the validity of, (i) the Marks, (ii) the Trade Dress, (iii) the Copyrights, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the **"Intellectual Property"**), or contest our or their sole right to register, use, or license others to use the Intellectual Property.

9.4 Changes to the Intellectual Property. We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Intellectual Property and to adopt entirely different or new Intellectual Property for use with the System without any liability to you, in our sole discretion. You must implement any such change at your own expense within the time we reasonably specify.

9.5 Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also must inform us promptly of any challenge by any person or Entity to the validity of our ownership of or our right to license others to use any of the Intellectual Property. We have the right, but not obligation to, initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including any settlement (which may require you to cease using certain Intellectual Property). We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You agree to execute all documents and, render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property.

9.6 Post-Termination or Expiration. Upon the expiration or termination of this Agreement for any reason, all of your rights to use the Intellectual Property will automatically revert to us without cost and without the execution or delivery of any document. Upon our request, you will execute all documents that we require to confirm such reversion.

9.7 Innovations. All ideas, concepts, techniques or materials relating to a Studio, the System or Intellectual Property (collectively, **"Innovations"**), whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and the Intellectual Property, and works made-for-hire for us. To the extent any Innovation does not qualify as a work made-for-hire for us, by this Section you assign ownership of that Innovation, and all related rights to that Innovation, to us and agree to sign (and to cause your Owners, employees, and contractors to sign) whatever assignment or other documents we request to evidence our ownership or to help us obtain intellectual property rights in the Innovation. We and our affiliates have no obligation to make any payments to you or any other person with respect to any Innovations. You may not use any Innovation in operating the Studio or otherwise without our prior approval.

Section 10 Proprietary Information.

10.1 Receipt of Proprietary Information. You acknowledge that prior to or during the Term, we may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information relating to the System, our business, our vendor relationships, our classes, or the construction, management, operation, or promotion of the Studio (collectively, **"Proprietary Information"**), including (i) site selection criteria and methodologies; (ii) methods, formats, systems, System Standards, sales and marketing techniques, knowledge and experience used in developing and operating Studios, including information in the Manuals; (iii) marketing research and promotional, marketing, advertising, public relations, customer relationship management and other brand-related materials and programs for Studios; (iv) knowledge of specifications for and suppliers of, and methods of ordering, certain items that Studios use and/or sell; (v) knowledge of the operating results and financial performance of other Studios; (vi) customer communication and retention programs, along with data used or generated in connection with those programs; (vii) training programs and procedures; (viii) information shared with advisory council members; and (ix) any other information we reasonably deem to be, or from time to time designate, as confidential or proprietary. "Proprietary Information" does not include (a) information that is part of the public domain or becomes part of the public domain through no fault of you, (b) information disclosed to you by a third party having legitimate and unrestricted possession of such information, or (c) information that you can demonstrate by clear and convincing evidence was within your legitimate and unrestricted possession when the parties began discussing the sale of the franchise.

10.2 Nondisclosure of Proprietary Information. We and our affiliates own all right, title, and interest in and to the Proprietary Information. You and your Owners will not, nor will you permit any person or Entity to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manuals) to any other person, except to the extent necessary for your professional advisors and your employees to perform their functions in the operation of the Studio. You acknowledge that your or your Owners' use of the Proprietary Information in any other business would constitute an unfair method of competition with us and our franchisees. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any Owner, employee, or other person to whom you disclose Proprietary Information. You will take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and will implement any systems, procedures, or training programs that we require. At our request, you will require anyone who may have access to the Proprietary Information to execute non-disclosure agreements in a form satisfactory to us that identifies us as a third-party beneficiary of such covenants with the independent right to enforce the agreement.

10.3 Personal Information.

(a) Protection of Personal Information. You must comply with any privacy, data protection, and breach-response policies that we establish from time to time (collectively, the "**Privacy Requirements**") and all Applicable Laws regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of Personal Information on the Technology System or otherwise in your possession or control and, in any event, employ reasonable means to safeguard the confidentiality and security of Personal Information. "**Personal Information**" means names, contact information, financial information, and other personal information of, or relating to, your actual, prospective, and former customers, Members, or employees. We may require that you use suppliers that we approve or designate to provide (i) security services and (ii) periodic security audits to ensure that Personal Information is adequately protected. We may specify from time to time the specific security measures that you must maintain.

(b) Data Breaches. If there is a suspected or actual breach of security or unauthorized access involving Personal Information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which Personal Information was compromised or disclosed. You must promptly identify and remediate the source of any compromise or security breach at your expense, in accordance with the Privacy Requirements. You are solely responsible for any financial losses you or any other party incurs or remedial actions that you or any other party must take as a result of a breach of security or unauthorized access to Personal Information in your control or possession. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transactions concerning customers of the Studio, unless otherwise directed by us.

(c) Ownership of Personal Information. You agree that all Personal Information that you collect in connection with the Studio (i) is deemed to be owned by us, (ii) is part of the Proprietary Information, and (iii) must be furnished to us at any time that we request it. In addition, we and our affiliates may, through the Technology System or otherwise, have independent access to Personal Information.

(d) Use of Personal Information. You have the right to use Personal Information while this Agreement or a successor franchise agreement is in effect, but only to market TA Tracy Anderson® products and services to customers in accordance with the System Standards and Applicable Laws. You may not directly or indirectly sell, transfer, or use Personal Information for any purpose other than marketing TA Tracy Anderson® products and services. We and our affiliates may use Personal Information in any manner or for any lawful purpose. You must secure from customers, Members, and others all consents and authorizations, and provide them all disclosures, that Applicable Law requires (i) to transmit Personal Information to us and our affiliates and (ii) for us and our affiliates to use that Personal Information, in the manner that this Agreement contemplates.

(e) Compliance with Privacy Requirements. Without limiting anything in Section 10.3 (Personal Information), you must abide by: (i) the Payment Card Industry Data Security Standards (PCI-DSS) (as they may be modified from time to time or as successor standards are adopted) and all other standards and policies related to electronic payments enacted by applicable payment card associations; (ii) the Fair and Accurate Credit Transactions Act; (iii) all applicable privacy, data protection, and electronic payment laws (including applicable state laws); and (iv) any Privacy Requirements.

Section 11 Indemnification.

11.1 Indemnification By You. You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, representatives, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all Losses (defined below) directly or indirectly arising out of or relating to: (i) the Studio's operation; (ii) the business you conduct under this Agreement; (iii) your breach of this Agreement; or (iv) your noncompliance or alleged noncompliance with any law, ordinance, rule or regulation, including those concerning the Studio's construction, design or operation, and including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to your employees. "**Losses**" means any and all losses, expenses, obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that an Indemnified Party incurs, including accountants', arbitrators', mediators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

11.2 Indemnification Procedure. You agree to defend each of the Indemnified Parties against any and all claims asserted or inquiries made (formally or informally), or legal actions, investigations, or other proceedings brought, by a third party and directly or indirectly arising out of or relating to any matter described in Subsection 11.1(i) through (iv) above (collectively, "**Proceedings**"), including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct and/or willful wrongful omissions. Each Indemnified Party may, at your expense, defend and otherwise respond to and address any claim asserted, inquiry made, or Proceeding brought that is subject to this Section 11 (instead of having you defend it as required above). Each Indemnified Party may agree to settlements or take any other remedial, corrective, or other actions that it deems appropriate, and you shall be solely responsible for all related Losses, subject to Section 11.3. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you, and you agree that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section 11. Your obligations in this Section 11 will survive the expiration or termination of this Agreement.

11.3 Willful Misconduct or Gross Negligence. Despite Section 11.1 (Indemnification by You), you have no obligation to indemnify or hold harmless an Indemnified Party for, and we will reimburse you for, any Losses (including costs of defending any Proceeding under Section 11.2 (Indemnification Procedure)) to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's willful misconduct or gross negligence, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or employment) or our failure to compel you to comply with this Agreement. However, nothing in this Section 11.3 limits your obligation to defend us and the other Indemnified Parties under Section 11.2.

Section 12 Noncompete Covenants.

12.1 During Term. You acknowledge that, during the Term, you will receive from us and be provided access to, valuable, specialized fitness training and teaching methods and related confidential information regarding the System, including the Proprietary Information. You further acknowledge and agree that we would not provide you with such information, or access to such information, without your promise to maintain the confidentiality of such information and to use such information only in the operation of your Studio. Therefore, during the Term, you and your Owners must not, without our prior written consent, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any other person or Entity:

(a) teach or lead, or train individuals to teach or lead, any fitness classes or personal training sessions, dance classes or personal training sessions, yoga flow classes or private sessions, or other classes or private training sessions that employ methods that are similar or identical to those used in Studios (collectively, "**Competitive Classes or Sessions**") at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services;

(b) own, manage, engage in, be employed by, advise, make loans to, lease to, or have any other interest in (i) any studio, facility, or business that generates 25% or more of its revenue from Competitive Classes or Sessions, or (ii) any entity that grants franchises or licenses for any of these types of businesses (a "**Competitive Business**") at any location;

(c) divert or attempt to divert any actual or prospective business, Member, or customer of the Studio to any Competitive Business, by direct or indirect inducement or otherwise; or

(d) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

The Competitive Classes or Sessions do not include classes or private training sessions that exclusively involve spinning/cycling, rowing, running, boxing, TRX training, and/or weightlifting.

12.2 <u>After Termination, Expiration, or Transfer</u>. For three years after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, you and your Owners shall be subject to the same restrictions contained in Section 12.1 (During Term), except the restrictions contained in Section 12.1(a), 12.1(b), and 12.1(c) shall be geographically limited to any Competitive Business that is located within, or that offers online Competitive Classes or Sessions to any customers that are located within, a 20-mile radius of your former Studio or any other Studio that is operating or under development at the time of such expiration, termination, or Transfer. With respect to the Owners, the three-year period during which this Section 12.2 applies will run from the expiration, termination, or Transfer of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first.

12.3 <u>Publicly Traded Corporations</u>. Ownership of less than five percent of the outstanding voting stock of any class of stock of a publicly traded corporation will not, by itself, violate this Section 12.

12.4 <u>Covenants of Owners and Employees</u>. The Owners personally bind themselves to this Section 12 by signing this Agreement or the attached Guarantee. We may, in our sole discretion, require you to obtain from your officers, directors, Studio Managers, Owners' spouses, and other individuals that we may designate executed agreements containing nondisclosure and noncompete covenants similar in substance to those contained in this Section 12 as we prescribe in the Manuals and otherwise. The agreements must be in a form acceptable to us and specifically identify us as having the independent right to enforce them.

12.5 Enforcement of Covenants. You acknowledge and agree that (i) the length, geographical scope, and breadth of the covenants provided in this Section 12 are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received sufficient and valid consideration in exchange for those covenants; (iii) enforcement of the same would not impose undue hardship; and (iv) the period of protection provided by these covenants will not be reduced by any period of time during which you are in violation of the provisions of those covenants or any period of time required for enforcement of those covenants. To the extent that this Section 12 is judicially determined to be unenforceable by virtue of its scope or in terms of area or length of time, but may be made enforceable by reductions of any or all thereof, the same will be enforced to the fullest extent permissible. You agree that the existence of any claim you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants contained in this Section 12. You acknowledge that any breach or threatened breach of this Section 12 will cause us irreparable injury for which no adequate remedy at law is available, and you consent to the issuance of an injunction prohibiting any conduct violating the terms of this Section 12. Such injunctive relief will be in addition to any other remedies that we may have.

Section 13 Transfer and Assignment.

13.1 Transfer by Us. We have the right to assign this Agreement and all of our rights, duties, and obligations under this Agreement to any person or Entity that we choose in our sole discretion. Upon any such assignment, we will be released from all of our duties and obligations hereunder, and you will look solely to our assignee for the performance of such duties and obligations.

13.2 Definition of Transfer. For purposes of this Agreement, **"Transfer"** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in (a) this Agreement, (b) the Studio, (c) substantially all of the assets of the Studio, or (d) in the ownership of the franchisee Entity. **"Transfer"** as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance. A "**Control Transfer**" means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Studio or all or substantially all of the Studio's assets; or (iii) any Controlling Ownership Interest (defined below) in the Entity, whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity, and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a "**Controlling Ownership Interest**" in you mean either (x) 15% or more of your direct or indirect legal or beneficial ownership interests in your Entity or (y) an interest the acquisition of which grants the power (whether directly or indirectly) to direct or cause the direction of management and polices of you or the Studio to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

13.3 Transfer Procedure.

(a) Consent Required. This Agreement and the License are personal to you, and we have granted the License in reliance on your and your Owners' business skill, financial capacity, and personal character. Accordingly, neither you nor any of the Owners or any successors to any part of your interest in this Agreement or the License may make any Transfer or permit any Transfer to occur without obtaining our prior written consent, except as provided in Section 13.7 (Permitted Transfers). Any purported Transfer, without our prior written consent, will be null and void and will constitute an Event of Default (as herein defined), for which we may terminate this Agreement without opportunity to cure.

(b) Obtaining Consent. If you or any of your Owners desire to make a Transfer, you must promptly provide us with advance written notice and must submit a copy of all proposed contracts and other information concerning the Transfer and transferee that we reasonably require. We have the right to communicate with both you, your counsel, and the proposed transferee on any aspect of a proposed Transfer. No Transfer that requires our consent may be completed until at least 60 days after we receive written notice of the proposed Transfer. We have sole and absolute discretion to withhold our consent, except as otherwise provided in Sections 13.6 (Transfer for Convenience), 13.7 (Permitted Transfers), and 13.8 (Transfer Upon Death, Incapacity, or Bankruptcy), and we may condition our consent on compliance with any conditions that we specify. If your Studio is not open and operating, we will not consent to your Transfer of this Agreement, and we are under no obligation to do so. Our consent to a Transfer does not constitute a waiver of any claims that we have against the transferor, nor is it a waiver of our right to demand exact compliance with the terms of this Agreement.

13.4 Control Transfer. For a proposed Control Transfer, in addition to any other conditions that we reasonably specify, the following conditions apply (unless waived by us):

(a) When you provide written notice of the proposed Transfer, you must pay to us a non-refundable deposit of $2,500 to cover our administrative costs incurred in reviewing the proposal. The deposit will be applied towards your Transfer Fee in the event that the Transfer is completed;

(b) You or your transferee must pay to us the Transfer Fee. You must make such payment by wire transfer from the proceeds of the sale at the closing if we so request;

(c) All of your accrued monetary obligations and all other outstanding obligations to us, our affiliates, and approved suppliers shall be up to date, fully paid, and satisfied;

(d) You and your affiliates must not be in default if any provision of this Agreement and any Related Agreements as of (i) the date of the request for our approval of the Transfer (or you must make arrangements satisfactorily to us to come into compliance by the date of the Transfer) and (ii) the date of the Transfer;

(e) You and your Owners must execute a general release, in a form that we prescribe, of any and all claims against us, our affiliates, and our and our affiliates' past, present, and future officers, directors, mangers, members, equity holders, agents, and employees, including claims arising under Applicable Laws.

(f) You and your Owners must agree to remain liable for all of the obligations to us in connection with the Studio arising before the effective date of the Transfer, and execute any and all instruments that we reasonably request to evidence such liability.

(g) You and your Owners must continue to be bound by the provisions of Sections 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), and 12 (Noncompete Covenants) as if they were the Franchisee and this Agreement had expired or terminated as of the effective date of the Transfer.

(h) You must provide us with written notice from your landlord indicating that your landlord has agreed to transfer the lease for the Site to your transferee.

(i) Your proposed transferee (and, if the transferee is not an individual, all owners of any legal or beneficial interest in the transferee) must demonstrate to our satisfaction that such transferee meets all of our then-current qualifications to become a TA Tracy Anderson® franchisee, including not having any involvement with a Competitive Business. If the transferee or its affiliates already own a Studio, the transferee and its affiliates must not be in default under any of their agreements with us or our affiliates, must have a good record of customer service and compliance with our System Standards, and must, in our sole opinion, have sufficient financial and operational capacity to operate additional Studios;

(j) Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense;

(k) Your proposed transferee (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must (i) enter into a written assignment, in a form satisfactory to us, assuming and agreeing to discharge and guarantee all of your obligations under this Agreement and (ii) must execute our then-current form of personal guarantee;

(l) Your proposed transferee and (and, if the transferee is not an individual, such owners of a legal or beneficial interest in the transferee as we may request) must execute, for a term ending on the last day of the existing Term and with such Successor Term as is provided by this Agreement, our then-current franchise agreement for new franchisees and such other agreements as we may require, which agreements will supersede this Agreement in all respects. The terms of the new franchise agreement may differ significantly from the terms of this Agreement, including different fees. The prospective transferee will not be required to pay any initial Franchise Fee;

(m) Your proposed transferee must make arrangements to modernize, renovate, or upgrade the Studio, at its expense, to conform to our then-current System Standards for new TA Tracy Anderson® Studios;

(n) Your proposed transferee must covenant that it will continue to operate the Studio under the Marks and using the System;

(o) We must determine, in our sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Studio, and if you or your Owners finance any part of the purchase price, you and they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Studio are subordinate to the transferee's obligation to pay all amounts due to us and our affiliates and otherwise to comply with the terms the transferee's new franchise agreement; and

(p) You and your Owners and the transferee and its owners must execute a consent to Transfer agreement in a form that we prescribe that describes the conditions that must be complied with in order to obtain our consent to the Transfer.

13.5 Non-Control Transfers. For any Transfer that does not result in a Control Transfer, in addition to any other conditions that we reasonably specify, you and/or your transferee must satisfy (unless waived by us) the conditions in Sections 13.4, except the following conditions will not apply: Section 13.4(h) (obtain landlord's consent), 13.4(j) (complete training), 13.4(l) (sign new franchise agreement), and 13.4(m) (renovate Studio). You and your Owners must sign the form of agreement and related documents that we then specify to reflect your new ownership structure.

13.6 Transfer To An Entity. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating Studios; (ii) you satisfy the conditions in Sections 13.4(a) (pay the Transfer deposit), Section 13.4(b) (pay the applicable Transfer Fee), 13.4(c) (all payments made), 13.4(d) (comply with obligations), 13.4(e) (sign general release), 13.4(f) (remain liable for pre-Transfer obligations), 13.4(g) (remain bound to certain provisions), and 13.4(k) (sign assignment and guarantee); and (iii) the Owners hold equity interests in the new Entity in the same proportion shown on Appendix A.

13.7 Permitted Transfers. The other provisions in this Section 13 do not apply, including our right of first refusal and right of approval, to the following Transfers:

(a) Security Interests. You may grant, without obtaining our consent, a security interest in the Site (if you own the Site), the Studio, or any Operating Assets to a financial institution or other party that provided or provides any financing for your acquisition, development, and/or operation of the Studio, but you may not grant a security interest in this Agreement. Any foreclosures or other exercise of the rights granted under any security interest are subject to all applicable terms and conditions of this Section 13. For the avoidance of doubt, in no event shall any secured party be entitled to (i) use or receive an assignment of your License to use the Intellectual Property under this Agreement or (ii) use, assign, possess, or have access to the Proprietary Information.

(b) Transfer to a Revocable Trust. Any Owner who is an individual may Transfer his or her ownership interest in you (or any of your Owners that is an Entity) to a revocable trust that he or she establishes for estate planning purposes, as long as he or she (i) is a trustee of the trust, (ii) controls the exercise of the rights in you (or your Owner) held by the trust, and (iii) has the right to revoke the trust. You must provide us with advance written notice of such proposed Transfer and copies of the trust documentation that demonstrates your compliance with this provision at least 30 days before the Transfer's anticipated effective date. Dissolution of, or transfers from, any trust described in this Section 13.7(b) are subject to all applicable terms and conditions of this Section 13.

13.8 Transfer Upon Death Or Incapacity. If any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that Owner's executor, administrator, personal representative, or trustee must apply to us in writing within three months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the Owner's interest. The Transfer will be subject to the provisions of this Section 13, as applicable, except there shall be no Transfer Fee due. In addition, if the deceased or incapacitated Owner is the Operating Principal, we will have the right (but not the obligation) to take over operation of the Studio until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this Section, "incapacity" means any physical or mental infirmity that will prevent the Owner from performing his or her obligations under this Agreement (i) for a period of 30 or more consecutive days or (ii) for 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 13.4(h) (transferee meets qualifications), 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. If an interest is not disposed of under this Section 13.8 within 120 days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 14.2 (Our Remedies After An Event of Default).

13.9 Our Right Of First Refusal.

(a) Our Right. We have the right, exercisable within 30 days after receipt of the notice of your intent to Transfer and such documentation and information that we require, to send written notice to you that we intend to purchase the interest proposed to be Transferred on the same economic terms and conditions offered by the third-party or, at our option, the cash equivalent thereof. If you and we cannot agree on the reasonable equivalent in cash or if the Transfer is proposed to be made by gift, we will designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We may purchase the interest at the fair market value determined by the appraiser or may elect at that time to not exercise our rights. We must receive, and you and your Owners agree to make, all customary representations, warranties and indemnities given by the seller of the assets of a business or ownership interests in an Entity, as applicable, including (i) representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests, liens and encumbrances on assets, validity of contracts and agreements, and the liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased, and (ii) indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase. Closing on our purchase must occur within 90 days after the date of our notice to the seller electing to purchase the interest. We may assign our right of first refusal to another Entity or person either before or after we exercise it. However, our right of first refusal will not apply with regard to Transfers to an Entity under Section 13.7 (Permitted Transfers) or 13.8 (Transfer Upon Death or Incapacity).

(b) Declining Our Right. If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with the applicable provisions in Section 13. Closing of the Transfer must occur within 90 days of our election (or such longer period as Applicable Laws may require); otherwise, the third-party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the terms of the offer from a third-party after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as the third-party's initial offer. The Transfer is conditional upon our determination that the Transfer was on terms substantially the same as those offered to us.

Section 14 Termination and Default.

14.1 Events of Default. Any one or more of the following constitutes an **"Event of Default"** under this Agreement:

(a) You or any Owner make or have made any material misrepresentations or omissions in connection with your application to us for the franchise, this Agreement, or any related documents, or you submit to us any report or statement that you know or should know to be false or misleading;

(b) Your Required Trainees fail to successfully complete initial training to our satisfaction at least ten days before the Opening Deadline;

(c) You fail to sign a Site Agreement that we have approved for a site that we have accepted by the Site Acquisition Deadline;

(d) You fail to open for business by the Opening Deadline;

(e) You fail to renovate the Studio as required in Section 6.5(c) (Renovations) within the applicable time periods;

(f) You fail to maintain possession of the Site and fail to secure our approval of and enter into a lease for a new, accepted Site within 90 days after the expiration or termination of the lease for the Site;

(g) You voluntarily suspend operation of the Studio without our prior written consent for five or more consecutive business days on which you were required to operate, unless we determine, in our sole discretion, that the failure was beyond your control;

(h) After multiple attempts to reach you via telephone, e-mail, or other written correspondence, you fail to communicate with us within seven days after we send you a written communication in accordance with Section 17.11 (Notices) notifying you of our attempt to reach you and our need to receive a response from you.

(i) You fail to meet Minimum Performance Levels for two consecutive calendar years;

(j) You, your Operating Principal, your Studio Managers, or any of your representatives that we designate fail to attend or participate in two or more required franchise conventions, meetings, and teleconferences during any 12-month period, without our prior written consent;

(k) Any Owner or any of your officers or directors are convicted of or plead nolo contendere to a felony, a crime involving moral turpitude or consumer fraud, or any other crime or offense that we believe is likely to have an adverse effect on our franchise system, the Marks and any associated goodwill, or the TA Tracy Anderson® concept (an **"Adverse Effect"**) or you, your affiliates, any Owner, or any of your officers or directors has engaged in or engages in activities that, in our reasonable opinion, are reasonably likely to have an Adverse Effect;

(l) You (a) misuse or make any unauthorized use of the Intellectual Property, (b) engage in any business or market any service or product under a name or mark which is confusingly similar to the Marks, or (c) otherwise materially impair the goodwill associated with the Marks or our rights in any of the Intellectual Property;

(m) You or any of your Owners, directors, or officers disclose or divulge the contents of the Manuals or other Proprietary Information contrary to Section 10 (Proprietary Information);

(n) Any Transfer occurs that does not comply with Section 13 (Transfer and Assignment), including a failure to transfer to a qualified successor after death, disability, or bankruptcy within the time allowed by Section 13.8 (Transfer Upon Death, Incapacity, or Bankruptcy);

(o) You or any Owner violates the noncompete covenants in Section 12 (Noncompete Covenants);

(p) (i) You fail any health or safety inspections conducted by a governmental agency or (ii) we determine, in our reasonable discretion, that a threat or danger to public health or safety results from the construction, maintenance, or operation of the Studio or from your breach or failure to comply with any Applicable Laws;

(q) You become insolvent or make an assignment for the benefit of your creditors, execution is levied against your business assets, or a suit to foreclose any lien or mortgage is instituted against you and not dismissed within 30 days;

(r) (i) You fail, refuse, or neglect to pay any monies owing to us or our affiliates or fail to make sufficient funds available to us as provided in Section 3.10 (Methods of Payment) within ten days after receiving written notice of your default or 30 days after due date of the payment, whichever is the shorter period; (ii) you have previously been given at least two notices of nonpayment for any reason within the last 24 months and you subsequently fail to timely pay when due any monies; or (iii) you fail to do all things necessary to give us access to the information contained in your Technology System pursuant to Section 6.11 (Technology System) within 10 days after receiving notice;

(s) You are more than 60 days past due on your obligations to suppliers and trade creditors in an amount exceeding $2,000, unless you have given us prior notice that the failure to pay is a result of a bona fide dispute with such supplier or trade creditor that you are diligently trying to resolve in good faith;

(t) You fail to pay when due any federal, state or local income, service, sales or other taxes due on the Studio's operation, unless you are in good faith contesting your liability for these taxes;

(u) You underreport Gross Revenue by more than 2% two times or more in any two-year period or by 5% or more for any period of one week or greater;

(v) You refuse to permit, or try to hinder, an examination, inspection, or audit of your books and records, the Studio, or the Site as required by this Agreement;

(w) You fail to timely file any periodic report required in this Agreement or the Manuals three or more times in a 12-month period, whether or not we provide you written notice of your default or you subsequently cure the default;

(x) You or your affiliates default under any Related Agreement, provided that the default would permit the other party to terminate such agreement, regardless of whether such other party terminates such agreement;

(y) You breach or fail to comply with any other covenant, agreement, standard, procedure, practice, or rule prescribed by us, whether contained in this Agreement, in the Manuals, or otherwise in writing and fail to cure such breach or failure to our satisfaction within 30 days (or such longer period as Applicable Laws may require) after we provide you with written notice of the default; or

(z) You are in default three or more times within any 18-month period, whether or not the defaults are similar and whether or not they are cured.

14.2 Our Remedies After An Event of Default.

(a) Right to Terminate. If an Event of Default occurs, we may, at our sole election and without notice or demand of any kind, declare this Agreement and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect. Upon termination, you will not be relieved of any of your obligations, debts, or liabilities under this Agreement, including without limitation any debts, obligations, or liabilities that you accrued prior to such termination.

(b) Other Remedies. If an Event of Default occurs, we may, at our sole election and upon delivery of written notice to you, take any or all of the following actions without terminating this Agreement:

(i) temporarily or permanently reduce the size of the Territory, in which event the restrictions on us and our affiliates under Section 1.3 (Limited Territorial Protection) will not apply in the geographic area that was removed from the Territory;

(ii) suspend your right to participate in one or more programs or benefits that the Brand Fund provides;

(iii) suspend our or our affiliates' performance of, or compliance with, any of our or our affiliates' obligations to you under this Agreement or any other agreement;

(iv) suspend or terminate any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(v) undertake or perform on your behalf any obligation or duty that you are required to, but fail to, perform under this Agreement. You will reimburse us upon demand for all costs and expenses that we reasonably incur in performing any such obligation or duty; and/or

(vi) enter the Studio's premises and assume the management of the Studio ourselves or appoint a third party (who may be our affiliate) to manage the Studio. All funds from the operation of the Studio while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Studio will be charged to that account. We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee equal to 3% of the Studio's Gross Revenue during the period of management, plus any direct out-of-pocket costs and expenses. We or our appointee has a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses, or obligations the Studio incurs, or to any of your creditors for any products or services the Studio purchases, while managing it. You shall not take any action or fail to take any action that would interfere with our or our appointee's exclusive right to manage the Studio and may, in our sole discretion, be prohibited from visiting the Studio so as to not interfere with its operations. Our (or our appointee's) management of the Studio will continue for intervals lasting up to 90 days each (and, in any event, for no more than a total of one year), and we will during each interval periodically evaluate whether you are capable of resuming the Studio's operation and periodically discuss the Studio's status with you.

(c) Exercise of Other Remedies. Our exercise of our rights under Section 14.2(b) (Other Remedies) will not (i) be a defense for you to our enforcement of any other provision of this Agreement or waive or release you from any of your other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be our sole or exclusive remedy for your default. You must continue to pay all fees and otherwise comply with all of your obligations under this Agreement following our exercise of any of these rights. If we exercise any of our rights under Section 14.2(b), we may thereafter terminate this Agreement without providing you with any additional corrective or cure period, unless the default giving rise to our right to terminate this Agreement has been cured to our reasonable satisfaction.

14.3 Termination By You. You may terminate this Agreement only if: (i) we commit a material breach of this Agreement; (ii) you give us written notice of the breach; (iii) we fail to cure the breach, or to take reasonable steps to begin curing the breach, within 60 days after receipt of your notice; and (iv) you are in full compliance with your obligations under this Agreement. If we cannot reasonably cure the breach within this 60-day period but provide you, within a 60-day period, with reasonable evidence of our effort to cure the breach within a reasonable time period, then the cure period shall run through the end of such reasonable time period. Termination will be effective no less than ten days after you deliver to us written notice of termination for failure to cure within the allowed period. Any attempt to terminate this Agreement without complying with this Section 14.3 (including by taking steps to de-identify the Studio or otherwise cease operations under this Agreement) will constitute an Event of Default by you.

Section 15 Your Obligations Upon Expiration or Termination.

You covenant and agree that upon expiration or termination of this Agreement for any reason, unless we direct you otherwise:

15.1 Payment of Costs and Amounts Due. You will pay upon demand all sums owing to us, our affiliates, and our approved suppliers. If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default. These payment obligations will give rise to and remain, until paid in full, a lien in favor of us against the Studio premises and any and all of the personal property, fixtures, equipment, and inventory that you own at the time of the occurrence of the Event of Default. We are hereby authorized at any time after the Effective Date to make any filings and to execute such documents on your behalf to perfect such lien. You also must pay to us all damages, costs, and expenses, including reasonable attorneys' fees, that we incur after the termination or expiration of this Agreement related to enforcing the terms of this Agreement, including cost incurred in obtaining injunctive or other relief for the enforcement of any provision of this Section 15, whether or not we initiate a formal legal proceeding. Such damages, costs and expenses include reasonable accountants', attorneys', arbitrators', and related fees and expenses.

15.2 Discontinue Use of the System and the Intellectual Property. You must immediately cease using, by advertising or in any other manner, (i) the Intellectual Property (including, without limitation, the Marks and the Trade Dress), (ii) the System and all other elements associated with the System, and (iii) any colorable imitation of any of the Intellectual Property or any trademark, service mark, trade dress, or commercial symbol that is confusingly similar to any of the Marks or the Trade Dress.

15.3 Return of Proprietary Information. You must immediately return to us, at your expense, all copies of the Manuals, all Personal Information, and all other Proprietary

Information (and all copies thereof). You may not use any Proprietary Information or sell, trade or otherwise profit in any way from any Proprietary Information at any time following the expiration or termination of this Agreement.

15.4 Cease Identification with Us. You must immediately take, and cause your Owners and affiliates to take, all action required (i) to cancel all assumed name or equivalent registrations relating to your use of the Marks and (ii) to, in accordance with our directions, cancel or transfer to us or our designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Studio or the Marks (collectively, **"Identifiers"**). You acknowledge that as between you and your affiliates and us and our affiliates, we and our affiliates have the sole rights to and interest in all Identifiers. If you fail to comply with this Section 15.4, you hereby authorize us and irrevocably appoint us or our designee as your attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider, and all listing agencies or providers to transfer such Identifiers to us. The telephone company, the postal service, registrars, Internet Service Providers listing agencies, and other providers may accept such direction by us pursuant to this Agreement as conclusive evidence of our exclusive rights in such Identifiers and our authority to direct their transfer.

15.5 Our Right to Purchase Studio Assets.

(a) Exercise of Option. Upon termination of this Agreement for any reason (other than your termination in accordance with Section 14.3 (Termination By You)) or expiration of this Agreement without our and your signing a successor franchise agreement, we have the option to purchase the inventory, supplies, Operating Assets, and other assets used in the operation of the Studio that we designate (the "**Purchased Assets**"). As a first step in exercising our option, we must give you written notice within 15 days after the date of termination or expiration of our intent to conduct due diligence (the "**Exercise Notice**"). We have the unrestricted right to exclude any assets we specify relating to the Studio from the Purchased Assets and not acquire them. You agree to provide us the financial statements and other information we reasonably require, and to allow us to inspect the Studio and its assets, to determine whether to exercise our option. If you, your Owners, or one of your affiliates owns the Site, we may elect to include a fee simple interest in the Site as part of the Purchased Assets or, at our option, lease the Site from you, your Owner (or an Entity controlled by your Owner), or your affiliate for an initial eight-year term with one renewal term of five years (at our option) on commercially reasonable terms, which shall include the right to sublease the Site to another party. You and your Owners agree to cause your affiliate or any Entity controlled by such Owner to comply with these requirements. If you lease the Site from an unaffiliated lessor, you agree (at our option) to assign the lease to us or to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the lease.

(b) Operations Pending Purchase. We may require you to continue to operate the Studio in accordance with this Agreement during the period between the expiration or termination of this Agreement through (i) the date on which we decide to decline our right to exercise this option (or the expiration of the option, if we fail to provide an Exercise Notice by the deadline) or (ii) the closing of our purchase. However, we may, at any time during that period, assume the management of the Studio ourselves or appoint a third party (who may be our affiliate) to manage the Studio pursuant to the terms of Section 14.2(b)(vi).

(c) Purchase Price. The purchase price for the Purchased Assets will be their fair market value for use in the operation of a non-franchised Competitive Business (and not a Studio). However, the purchase price will not include any value for any rights granted by this Agreement, goodwill attributable to the Marks, our brand image, any Proprietary Information or our other intellectual property rights, or participation in the network of Studios. For purposes of determining the fair market value of all equipment (including the exercise equipment and Technology System) used in operating the Studio, the equipment's useful life shall be determined to be no more than three years. If we and you cannot agree on fair market value for the Purchased Assets, we will select an independent appraiser after consultation with you, and his or her determination of fair market value will be the final and binding purchase price.

(d) Closing. We will pay the purchase price at the closing, which will take place within 60 days after the purchase price is determined, although we may decide after the purchase price is determined not to complete the purchase. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us or our affiliates. We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including (a) representations and warranties as to (i) ownership and condition of, and title to, assets, (ii) liens and encumbrances on assets, (iii) validity of contracts and agreements, and (iv) liabilities affecting the assets, contingent or otherwise, and (b) indemnities for all actions, events and conditions that existed or occurred in connection with the Studio or your business prior to the closing of our purchase. At the closing, you agree to deliver instruments transferring to us: (x) good and merchantable title to the Purchased Assets, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; and (y) all of the Studio's licenses and permits which may be assigned or transferred. If you cannot deliver clear title to all of the Purchased Assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your Owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns.

(e) Assignment. We may assign our rights under this Section 15.5 (Our Right to Purchase Studio Assets) to any individual or Entity (which may be affiliated with us), and that person or Entity will have all of the rights and obligations under this Section 15.5.

15.6 De-identification of the Site. If we do not exercise our option to acquire the lease or the Site, you will make such modifications or alterations to the Site immediately upon termination or expiration of this Agreement that we deem necessary to distinguish the appearance of the Site from a Studio, including, but not limited to, removing the signs, the Marks, and any Trade Dress so as to indicate to the public that you are no longer associated with us. If you do not comply with the requirements of this Section 15.6, we may enter the Studio without being guilty of trespass or any other tort, for the purpose of making or causing to be made any required changes. You agree to reimburse us on demand for our expenses in making such changes.

15.7 Reimbursement of Unused Credits. In addition to any procedures that Applicable Laws require, we may require you to notify all of the Studio's Members and customers of the termination or expiration of this Agreement and offer each of them the option to receive a refund of all unused prepaid class, training, or program credits, which you are solely responsible for refunding to them in a manner that we may specify. We must approve in writing the content of any such notice, prior to you contacting any of the Studio's Members or customers, or may elect to send the notice on your behalf.

15.8 Promote Separate Identity. You will not, directly or indirectly, in any manner, identify yourself, or any individual connected with you, as a former TA Tracy Anderson® franchisee or as otherwise having been associated with us or the Marks or System.

15.9 Comply with Noncompete. You and your Owners must comply with the covenant not to compete in Section 12 (Noncompete Covenants).

15.10 Injunctive and Other Relief. You acknowledge that your failure to abide by the provisions of this Section 15 (Your Obligations Upon Expiration or Termination) will result in irreparable harm to us, and that our remedy at law for damages will be inadequate. Accordingly, you agree that if you breach any provisions of this Section 15, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

15.11 Covenant of Further Assurances. You must execute any legal document or termination agreement that we prescribe to effectuate the termination of this Agreement and shall furnish to us, within 30 days after the effective date of termination, written evidence satisfactory to us of your compliance with all of the foregoing obligations.

Section 16 Dispute Resolution and Governing Law.

16.1 Mandatory Pre-Litigation Mediation. Except as otherwise provided in this Section, prior to filing any proceeding to resolve any dispute based upon, arising out of, or in any way connected with this Agreement, a party must submit the dispute for mediation.

(a) Conduct of Mediation. All parties must attend and participate in the mediation. It is the intent of the parties that mediation shall be held not later than 14 days after a written request for mediation shall have been served on the other parties. The mediation will be held before one mediator selected by the parties, and if the parties cannot agree upon the mediator, then a mediator selected by the American Arbitration Association (**"AAA"**). The mediation shall not last more than one day and shall be held in New York, New York, unless we no longer have an office there, in which case it will be held in the metropolitan area of our then-current principal place of business. The mediation shall be governed by the rules of the AAA.

(b) Post-Mediation. If we and you do not resolve our dispute, then thereafter any party may file for litigation, as applicable in accordance with the terms of this Agreement.

(c) Exceptions to Mediation. The obligation to mediate shall not be binding upon either party with respect to claims relating to the Marks, the non-payment or underpayment of any monies due under this Agreement, the noncompetition covenants, or requests by either party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute.

16.2 Forum for Litigation. You and the Owners must file any suit against us, and we may file any suit against you, in federal or state courts located in New York, New York, unless we no longer have an office there, in which case, you must file any suit against us, and we may file against you, in federal or state courts located in the metropolitan area of our then-current principal place of business. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

16.3 Governing Law. This Agreement will be governed by, construed, and enforced in accordance with the laws of the State of New York, except that any franchise-specific laws of New York, including franchise registration and disclosure laws and franchise relationship laws, will not apply to this Agreement or the related franchise relationship, unless such statute would apply independently without reference to this choice of law provision. In the event of any conflict-of-law question, the laws of the State of New York shall prevail, without regard to the application of the State of New York conflict-of-law rules.

16.4 MUTUAL WAIVER OF JURY TRIAL. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOU AND WE EACH WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, ARISING FROM THIS AGREEMENT OR ANY BUSINESS, ACTIVITIES, OR OPERATIONS UNDERTAKEN PURSUANT TO THIS AGREEMENT.**

16.5 MUTUAL WAIVER OF PUNITIVE DAMAGES. **YOU AND WE EACH WAIVE ANY RIGHT TO OR CLAIM OF PUNITIVE, EXEMPLARY, MULTIPLE, OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER IN LITIGATION AND AGREES TO BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.**

16.6 MUTUAL WAIVER OF CLASS ACTIONS. **YOU AND WE EACH WAIVE ANY RIGHT TO BRING ANY CLAIMS ON A CLASS-WIDE BASIS. EACH PARTY MUST BRING ANY CLAIMS AGAINST THE OTHER PARTY ON AN INDIVIDUAL BASIS AND MAY NOT JOIN ANY CLAIM IT MAY HAVE WITH CLAIMS OF ANY OTHER PERSON OR ENTITY OR OTHERWISE PARTICIPATE IN A CLASS ACTION AGAINST THE OTHER PARTY.**

16.7 Remedies Not Exclusive. Except as provided in Section 16.5 (Mutual Waiver of Punitive Damages), no right or remedy that the parties have under this Agreement is exclusive of any other right or remedy under this Agreement or under Applicable Laws. Each and every such remedy will be in addition to, and not in limitation of or substitution for, every other remedy available at law or in equity or by statute or otherwise.

16.8 Limitations of Claims. Any and all claims arising out of or relating to this agreement or our relationship with you will be barred unless a judicial proceeding is commenced in the proper forum within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, except for the following claims by us against you related to (i) any of your financial obligations (including the underpayment of any fees), (ii) the indemnity in Section 11 (Indemnification), (iii) your use of the Marks, (iv) your obligations under Section 10 (Proprietary Information) or Section 12 (Noncompete Covenants) of this Agreement, or (v) a Transfer. For the avoidance of doubt, the claims by us against you enumerated in (i) to (v) may be brought at any time.

16.9 Our Right to Injunctive Relief. Nothing in this Agreement bars our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond in excess of $1,000 or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance with respect to this Agreement.

16.10 Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed to us by you and/or the Owners (whether or not we initiate a legal proceeding, unless we initiate and fail to substantially prevail in such court or formal legal proceeding); and (ii) in the defense of any claim you and/or the Owners assert against us on which we substantially prevail in court or other formal legal proceedings. We agree to reimburse you for all expenses you reasonably incur (including attorneys' fees): (a) to enforce the terms of this Agreement or any obligation owed to you by us (whether or not you initiate a legal proceeding, unless you initiate and fail to substantially prevail in such court or formal legal proceeding); and (b) in the defense of any claim we assert against you on which you substantially prevail in court or other formal legal proceedings.

Section 17 Miscellaneous.

17.1 Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between you and us with respect to the Studio and supersede all prior discussions, understandings, representations, and agreements concerning the same subject matter. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document (the **"FDD"**) that we delivered to you or your representatives. This Agreement includes the terms and conditions on Appendix A, which are incorporated into this Agreement by this reference.

17.2 Amendments and Modifications. This Agreement may be amended or modified only by a written document signed by each party to this Agreement. The Manuals and any policies that we adopt and implement may be unilaterally changed by us from time to time.

17.3 Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to the benefit of the term or condition, but such party must explicitly state in writing an intent to waive such term or condition in order for the waiver to be effective. No course of dealing or performance by any party, and no failure, omission, delay, or forbearance by any party, in whole or in part, in exercising any right, power, benefit, or remedy, will constitute a waiver of such right, power, benefit, or remedy. Our waiver of any particular default does not affect or impair our rights with respect to any subsequent default you may commit. Our waiver of a default by another franchisee does not affect or impair our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

17.4 Importance of Timely Performance. Time is of the essence in this Agreement.

17.5 Construction. The headings in this Agreement are for convenience of reference and are not a part of this Agreement and will not affect the meaning or construction of any of its provisions. Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

17.6 Severability. Each provision of this Agreement is severable from the others. If any provision of this Agreement or any of the documents executed in conjunction with this Agreement is for any reason determined by a court to be invalid, illegal, or unenforceable, the invalidity, illegality, or unenforceability will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you. However, if we determine that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, we, at our option, may terminate this Agreement.

17.7 Applicable State Law Controlling. If the termination, renewal, or other provisions set forth in this Agreement are inconsistent with any applicable state statute, in effect as of the Effective Date, governing the relationship of us and you, the provisions of such statute will apply to this Agreement, but only to the extent of such inconsistency.

17.8 Survival. Each provision of this Agreement that expressly or by reasonable implication is to be performed, in whole or in part, after the expiration, termination, or Transfer of this Agreement will survive such expiration, termination, or Transfer, including Sections 9 (Intellectual Property), 10 (Proprietary Information), 11 (Indemnification), 12 (Noncompete Covenants), and 15 (Your Obligations Upon Expiration or Termination).

17.9 Consent. Whenever our prior written approval or consent is required under this Agreement, you agree to make a timely written request to us for such consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

17.10 Independent Contractor Relationship.

(a) Independent Nature of Relationship. This Agreement establishes an independent contractor relationship. This Agreement does not create, nor does any conduct by either party create, a fiduciary or other special relationship or make you or us an agent, legal representative, joint venturer, partner, joint employer, employee, or servant of each other for any purpose.

(b) No Authorization to Act on our Behalf. You are not authorized to (i) make any contract, agreement, warranty, or representation on our behalf or (ii) create any obligation, express or implied, on our behalf.

(c) Your Responsibility. Subject to your obligation to comply with System Standards and this Agreement, you acknowledge that you are solely responsible for (i) decisions related to the day-to-day operation of the Studio (including managing and controlling maintenance, safety, security, employment matters, and legal compliance), (ii) taking any actions you deem necessary to achieve your business objectives, (iii) all obligations and liabilities of, and for all loss or damage to, the Studio and your business, including any personal property or real property, and (iv) all claims or demands based on damage or destruction of property or based on injury, illness or death of any person or persons, directly or indirectly, resulting from the operation of the Studio. Our retention and exercise of the right to inspect or approve certain matters with respect to the Studio and its operation and to enforce our rights exists only to the extent required to protect our interest in the System and the Marks. Neither the retention nor the exercise of such rights is for the purpose of establishing any control, or the duty to take control, of any matters which are clearly reserved to you, nor shall they be construed to do so. We shall not be construed to be jointly liable for any of your acts or omissions under any circumstances.

17.11 Notices. All notices required or permitted under this Agreement will be in writing and will be given by one of the following methods of delivery: (i) personally; (ii) by certified or registered mail, postage prepaid; or (iii) by overnight delivery service. Notices to you will be sent to the address set forth on Appendix A. Notices to us must be sent to:

TA Franchise, LLC
241 E. 59th Street
New York, NY 10022
Tel: (646) 902-6975
Email: franchise@tracyandersonmethod.com

Either party may change its mailing address by giving notice to the other party. Notices will be deemed received the same day when delivered personally, upon attempted delivery when sent by registered or certified mail or overnight delivery service, or the next business day when sent by facsimile. All routine requests for approval related to day-to-day operations (and communications related to such requests) must be in writing but may be communicated via e-mail to the addresses provided by such other party.

17.12 Execution. This Agreement shall not be binding on either party until it is executed by both parties. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, and all of which will constitute one and the same instrument. Documents executed, scanned, and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all related matters, with such scanned and electronic signatures having the same legal effect as original signatures.

17.13 Successors and Assigns. Except as expressly otherwise provided herein, this Agreement is binding upon and will inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.

17.14 No Third-Party Beneficiaries. Except as expressly otherwise provided herein, no third party shall have the right to claim any of the benefits conferred under this Agreement.

17.15 Delegation. We may delegate the performance of any or all of our obligations under this Agreement, and our right to exercise any of our rights under this Agreement, to an affiliate, manager, agent, independent contractor, or other third-party. However, we will remain responsible for ensuring that such obligations are performed in accordance with the terms of this Agreement.

17.16 Additional Terms; Inconsistent Terms. The parties may provide additional terms by including the terms on Appendix A. To the extent that any provisions of Appendix A are in direct conflict with the provisions of this Agreement, the provisions of Appendix A shall control.

Section 18 Your Representations and Acknowledgments.

You (on behalf of yourself and your Owners) represent, warrant, and acknowledge as follows:

18.1 Truth of Information. The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

18.2 Due Authority. This Agreement has been duly authorized and executed by you or on your behalf and constitutes a valid and binding obligation, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

18.3 Terrorist Acts. You acknowledge that under applicable U.S. law, including Executive Order 13224, signed on September 23, 2001 (the **"Order"**), we are prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, you represent and warrant to us that, as of the date of this Agreement, no person holding any ownership interest in you, controlled by you, or under common control with you are designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

18.4 Timely Receipt of Agreement and Disclosure Document. You have received (i) an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or paid any consideration to us or our affiliates and (ii) an FDD required by applicable state and/or federal laws, including a form of this Agreement, at least 14 calendar days (or such longer time period as required by applicable state law) before you executed this Agreement or any related agreements or paid any consideration to us or our affiliates.

18.5 Acknowledgements in Certain States. The following acknowledgements apply to all franchisees and Studios, except those that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

(a) Independent Investigation. You have conducted an independent investigation of all aspects relating to the Studio and recognize that (i) the business venture contemplated by this Agreement involves business risks and (ii) the success of you in developing, managing, and operating the Studio is speculative and will depend on many factors including, to a large extent, your independent business ability. You have been afforded ample time to consult with your own legal counsel and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

(b) Review of Agreement and Disclosure Document. You have reviewed this Agreement and the FDD and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents. You have no knowledge of any representations made about the TA Tracy Anderson® franchise opportunity by us, our affiliates, or any of our or their officers, directors, owners, or agents that are contrary to the statements made in our FDD or to the terms and conditions of this Agreement. You have read this Agreement and our FDD and understand and accept that the terms and covenants in this Agreement are reasonable and necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Studio, and to protect and preserve the goodwill of the Marks.

(c) Financial Performance Representations. Except as may be stated in the FDD, neither we, nor any of our affiliates, nor any of our or our affiliates' officers, agents, employees, or representatives have made any representation to you, express or implied, as to the historical revenues, earnings, or profitability of any Studio or the anticipated revenues, earnings, or profitability of your Studio or any other business operated by us, our licensees, our franchisees, or our affiliates. In entering into this Agreement, you are not relying upon any information furnished by us or our representatives other than the information contained in this Agreement and the FDD. Any information you have acquired from other TA Tracy Anderson® franchisees regarding their sales, profits or cash flows is not information obtained from us, and we make no representation about that information's accuracy.

18.6 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and Studios that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, upon signing below, each of the undersigned has executed this Agreement under seal as of the Effective Date.

<u>FRANCHISOR</u>	**<u>FRANCHISEE</u>**
TA FRANCHISE, LLC	**[NAME OF ENTITY]**
By:______________________________	By:______________________________
Name:____________________________	Name:____________________________
Title:____________________________	Title:____________________________
Date:____________________________	Date:____________________________

APPENDIX A
TO THE
FRANCHISE AGREEMENT

FRANCHISEE-SPECIFIC TERMS

1. **Effective Date:**

2. **Franchisee's Name:**

3. **Franchisee's State of Organization** *(if applicable):*

4. **Ownership of Franchisee (Recital D):**

   The following persons constitute all of the owners of a legal and/or beneficial interest in the franchisee:

Name	Address	Percentage Ownership
		______%
		______%
		______%

5. **Site Selection Area (Section 1.1):**

6. **Operating Principal (Section 1.4):**

7. **Studio Manager (Section 1.4):**

8. **Franchise Fee (Section 3.1):** $50,000

9. **Opening Package Payment (Section 3.8):**

10. **Franchisee's Address and Phone Number for Notices (Section 17.11):**

11. **Additional Terms; Inconsistent Terms *(if any)* (Section 17.15):**

Signature Page for Appendix A (Franchisee-Specific Terms)

FRANCHISOR

TA FRANCHISE, LLC

By:________________________________

Name:______________________________

Title:______________________________

Date:______________________________

FRANCHISEE

[NAME OF ENTITY]

By:________________________________

Name:______________________________

Title:______________________________

Date:______________________________

Schedule 1 to Appendix A of the Franchise Agreement

Franchisee-Specific Terms

<u>SITE AND TERRITORY SCHEDULE</u>

(to be completed after site selection and acceptance)

1. Site (Section 4.2): The Site of the Studio is:______________________________________

____

____

2. Territory (Section 1.3(a)): The Territory is:____

____

____

TA Franchise, LLC agrees that, effective on the date specified below, **(i)** the address listed above is hereby accepted by us as the Site pursuant to Section 4.2 (Site Selection) of this Agreement; and **(ii)** the area listed above shall be the Territory of this Agreement pursuant to Section 4.3 (Definition of the Protected Area) of this Agreement.

By signing below, Franchisee acknowledges and agrees that the Site and Territory have been added to the Agreement.

<u>FRANCHISOR</u>	**<u>FRANCHISEE</u>**
TA FRANCHISE, LLC	**[NAME OF ENTITY]**
By:__________________________	By:__________________________
Name:________________________	Name:________________________
Title:_________________________	Title:_________________________
Date:_________________________	Date:_________________________

APPENDIX B
TO THE
FRANCHISE AGREEMENT

<u>Marks</u>

<u>Registered Marks</u>

Registered on the Principal Register of the United States Patent and Trademark Office:

Mark	Registration No.	Registration Date
TA TRACY ANDERSON	4,768,062	July 7, 2015
TRACY ANDERSON	4,768,060	July 7, 2015
	7,358,644	April 16, 2024

APPENDIX C
TO THE
FRANCHISE AGREEMENT

TA FRANCHISE, LLC
PAYMENT AND PERFORMANCE GUARANTEE

In order to induce TA Franchise, LLC (**"Franchisor"**) to enter into and to continue to maintain a TA Tracy Anderson® Franchise Agreement (the **"Franchise Agreement"**) by and between Franchisor and ___________________ ("**Franchisee**") dated ______________ for a TA Tracy Anderson® franchise to located in _______________ (the **"Franchise Agreement"**), the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) have executed this guaranty (the "**Guaranty**") and covenant and agree as follows:

1. **Defined Terms.** All references to "Franchisor" in this Guaranty shall be deemed to include its affiliates, its successors, and its assigns. All references to the "Franchise Agreement" in this Guaranty shall include all extensions, renewals, or modifications to such agreement. All capitalized terms not defined herein shall have the meanings given to them in the Franchise Agreement.

2. **Guarantee of Payment and Performance.** The Guarantors jointly and severally unconditionally guarantee the full, prompt, and complete payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so.

3. **Independent Obligations.** The obligations of the Guarantors are independent of the obligations of Franchisee and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against Franchisee or whether Franchisee is joined in any such action.

4. **Enforcement Costs.** If Franchisor (a) engages legal counsel in connection with any failure by any Guarantor to comply with this Guaranty or (b) seeks to enforce this Guaranty in a judicial or arbitration proceeding and prevails in such proceeding, Franchisor shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding.

5. **Right to Bind**. If the Franchisee is an Entity, (a) Franchisor shall not be obligated to inquire into the power or authority of Franchisee or its officers, directors, agents, managers, representatives, employees or other persons of Entities acting or purporting to act on Franchisee's behalf and (b) any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed under this Guaranty. Where the Guarantors are Entities, it shall be conclusively presumed that (i) the Guarantors and all shareholders, partners, members and other owners of such Entities, and all officers, directors,

agents, managers, representatives, employees or other persons of Entities acting on their behalf, have the express authority to bind such Entities, (ii) such Entities have the express power to act as the Guarantors pursuant to this Guaranty, and (iii) such action directly promotes the business and is in the interest of such Entities.

6. **Right to Enforce.** This Guaranty is primary and not secondary and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guaranty will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

7. **Term.** This Guaranty will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of the date when (i) all Guaranteed Liabilities of Franchisee to Franchisor and its affiliates have been paid and satisfied in full or (ii) the Franchise Agreement and all obligations of Franchisee under such agreement expire.

8. **Waivers by Guarantors.** The Guarantors each further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including, without limitation: (a) notice of acceptance hereof; (b) notice of all contracts and commitments; (c) notice of the existence or creation of any liabilities under the Franchise Agreement and of the amount and terms thereof; and (d) notice of all defaults, disputes, or controversies between Franchisee and Franchisor resulting from or arising out of the Franchise Agreement or otherwise, and any resulting settlements, compromises, or adjustments.

9. **No Waiver.** No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

10. **Successors and Assigns.** This Guaranty shall be enforceable by and against the respective administrators, executors, heirs, successors, and assigns of the Guarantors. The death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors under this Guaranty.

11. **Nondisclosure Covenant.** Each of the Guarantors agrees to personally comply with, and personally be liable for the breach of, all of the provisions of Section 10 (Proprietary Information) of the Franchise Agreement, including those related to the nondisclosure and protection of Proprietary Information, as though each such Guarantor were the "Franchisee" named in the Franchise Agreement.

12. **Noncompete Covenant.** Each of the Guarantors agrees to personally comply with, and personally be liable for the breach of, all of the provisions of Section 12 (Noncompete Covenants) of the Franchise Agreement, including both the in-term and post-term noncompete, as though each such Guarantor were the "Franchisee" named in the Franchise Agreement.

13. **Other Covenants.** Each of the Guarantors agrees to personally comply with the provisions of Sections 8 (Records, Reports, Audits, and Inspections), 9 (Intellectual Property), 11 (Indemnification), and 13 (Transfer and Assignment) of the Franchise Agreement as though each such Guarantor were the "Franchisee" named in the Franchise Agreement. Each

of the Guarantors will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

14. **Dispute Resolution.** Section 16 (Dispute Resolution and Governing Law) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though the Guarantors were the "Franchisee" referred to in the Franchise Agreement.

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be duly executed as of the day and year first above written.

____

Print Name: ______________________

____

Print Name: ______________________

____

Print Name: ______________________

____

Print Name: ______________________

APPENDIX D
TO THE
FRANCHISE AGREEMENT

LEASE RIDER

THIS LEASE RIDER (the "**Rider**") is entered into this _____ day of _______________, 20_____ by and between TA Franchise, LLC (**"Company"**), _________________________ (**"Franchisee"**), and _________________________ (**"Landlord"**).

WHEREAS, Company and Franchisee are parties to a Franchise Agreement dated ____________________ (the **"Franchise Agreement"**); and

WHEREAS, the Franchise Agreement provides that Franchisee will operate a TA Tracy Anderson® Studio (**"Studio"**) at a location that Franchisee selects and Company accepts; and

WHEREAS, Franchisee and Landlord propose to enter into the lease to which this Rider is attached (the **"Lease"**), pursuant to which Franchisee will occupy premises located at ______
____
____
(the **"Premises"**) for the purpose of constructing and operating the Studio in accordance with the Franchise Agreement; and

WHEREAS, the Franchise Agreement provides that, as a condition to Company's authorizing Franchisee to enter into the Lease, the parties must execute this Lease Rider;

NOW, THEREFORE, in consideration of the mutual undertakings and commitments set forth in this Rider and in the Franchise Agreement, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Use of Premises. During the term of the Franchise Agreement, Franchisee will be permitted to use the Premises for the operation of the Studio and for no other purpose.

2. Use of Marks and Trade Dress. Subject to applicable zoning laws and deed restrictions and to prevailing community standards of decency, Landlord consents to Franchisee's installation and use of such trademarks, service marks, signs, decor items, color schemes, and related components of the TA Tracy Anderson® system as Company may from time to time prescribe for the Studio.

3. Notices. Landlord agrees to furnish Company with copies of all letters and notices it sends to Franchisee pertaining to the Lease and the Premises, at the same time it sends such letters and notices to Franchisee. Notice shall be sent to Company by the method(s) as stated in the lease to:

   TA Franchise, LLC
   241 E. 59th Street
   New York, NY 10022
   Tel: (646) 902-6975
   Email: franchise@tracyandersonmethod.com

4. Right to Enter. Company will have the right, without being guilty of trespass or any other crime or tort, to enter the Premises at any time or from time to time (i) to make any modification or alteration it considers necessary to protect the TA Tracy Anderson® system and marks, (ii) to cure any default under the Franchise Agreement or under the Lease, or (iii) to remove the distinctive elements of the TA Tracy Anderson® trade dress upon the Franchise Agreement's expiration or termination. Neither Company nor Landlord will be responsible to Franchisee for any damages Franchisee might sustain as a result of action Company takes in accordance with this provision. Company will repair or reimburse Landlord for the cost of any damage to the Premises' walls, floor or ceiling that result from Company's removal of trade dress items and other property from the Premises.

5. Right to Assume Lease.

a. After Uncured Defaults Under the Lease. If Franchisee fails to cure any defaults under the Lease within the period specified in the Lease, Landlord shall promptly give Company written notice of the uncured defaults and shall not pursue any other rights and remedies it may have pursuant to the Lease. Within 30 days from the date it receives such notice, Company shall have the right, but not the obligation to: (a) cure or satisfy any default by Franchisee under the Lease; or (b) unilaterally assume the Lease. If Company fails to exercise such rights on or before the expiration of such 30-day period, Landlord may pursue any rights and remedies which it may have pursuant to the Lease.

b. After Non-renewal or Termination of the Lease. If Franchisee allows the Lease to expire without exercising any included term renewals or extensions or provides notice of its intent to terminate or not renew the Lease, Landlord shall give Company written notice of such event. Within 30 days from the date it receives such notice, Company shall have the right to unilaterally assume the Lease and, if applicable, exercise the Franchisee's renewal or extension right(s) on the same terms and conditions as are contained in the Lease.

c. After Termination or Expiration of Franchise Agreement. If the Franchise Agreement expires or is terminated for any reason during the term (or any renewal term) of the Lease, Company shall have the right, but not the obligation, to unilaterally assume the Lease.

d. Assumption of Lease. If Company is eligible to unilaterally assume the Lease, it shall provide written notice to Landlord in order to exercise its right (the "**Company Notice**"). The assumption shall be effective on the date of the Company Notice or such date specified in the Company Notice (which must be within the 30-day period after the Landlord's notice) (the "**Assumption Date**"). Beginning on the Assumption Date:

i. Company shall become the tenant under the Lease, with all rights and obligations of the tenant under the Lease;

ii. Franchisee shall have no further right, title, or interest in the Lease or the Premises but will remain solely liable to Landlord for liabilities or obligations under the Lease accruing or applicable to the period before the Assumption Date, including any unpaid rent or fees;

iii. Franchisee shall peaceably and promptly vacate the Premises and (subject to Company's right to acquire any such property pursuant to the Franchise Agreement) remove its personal property from the Premises with any remaining property being deemed to be abandoned;

iv. Company shall have the right to take possession of the Premises and expel Franchisee from the Premises without being guilty of trespass, forcible entry or detainer, or other tort;

v. Company shall have the right to directly operate the Studio at the Premises, in which case there will be no franchise agreement, and/or to assign or sublet the Lease to an affiliate or third-party franchisee to operate the Studio at the Premises;

vi. All rents and obligations under the Lease shall be prorated as of the Assumption Date; and

vii. Landlord and Company shall execute and deliver any agreements necessary to document the Company's assumption of the Lease.

6. Restriction on Assignment. Franchisee may not assign the Lease or sublet the Premises without Company's prior written consent, and Landlord will not consent to an assignment or subletting by Franchisee without first verifying that Company has given its written consent to Franchisee's proposed assignment or subletting.

7. Restriction on Amendment. Landlord and Franchisee will not amend or modify the Lease in any manner that could materially affect any of the provisions or requirements of this Lease Rider without Company's prior written consent.

8. Interpretation. The provisions of this Lease Rider will supersede and control any conflicting provisions of the Lease. Except as amended or modified in this Rider, all of the terms, conditions and covenants of the Lease remain in full force and effect.

9. No Liability. Landlord acknowledges that Company is not a party to the Lease, is not a guarantor of the Lease, and will have no liability or responsibility under the Lease unless and until the Lease is assigned to, and assumed by, Company.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Lease Rider of the date first above written:

COMPANY:	**FRANCHISEE:**
TA FRANCHISE, LLC	
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ___________________________
Title: ____________________________	Title: ____________________________

LANDLORD:

By: ______________________________

Name: ___________________________

Title: ____________________________

EXHIBIT B
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Financial Statements

TA Franchise, LLC

Financial Statements

December 31, 2025 and 2024

Years ended December 31, 2025, 2024, and 2023

Fasten Halberstam

Fasten Halberstam

INDEPENDENT AUDITORS' REPORT

To the Member of
TA Franchise, LLC

Opinion

We have audited the accompanying financial statements of TA Franchise, LLC which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, member's equity, and cash flows for the years ended December 31, 2025, 2024, and 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TA Franchise, LLC as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years ended December 31, 2025, 2024, and 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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

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

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

Fasten Halberstam

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

Respectfully submitted,

Fasten Halberstam LLP

Fasten Halberstam LLP
New York, New York
March 30, 2026

P 212.751.8337 F 718.799.5576 W fhllp.com E info@fhllp.com
A 33 Whitehall St. 27th floor, New York, NY 10004

TA FRANCHISE, LLC
Balance Sheets
December 31,

	2025	2024
ASSETS		
Current assets		
Cash	$ 85,236	$ 8,944
Accounts receivable	13,577	-
Due from affiliate	225,014	172,507
Total current assets	323,827	181,451
Total assets	$ 323,827	$ 181,451
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Accounts payable	$ 75,497	$ 27,239
Accrued payroll	-	1,118
Contract liabilities	150,000	100,000
Customer deposits	40,000	-
Other liabilities	3,056	-
Total current liabilities	268,553	128,357
Member's equity	55,274	53,094
Total liabilities and member's equity	$ 323,827	$ 181,451

	2025	2024	2023
Revenue			
Franchise fees	$ 100,000	$ 100,000	$ -
Equipment revenue	78,278	-	-
Royalty revenue	8,755	-	-
Total revenue	187,033	100,000	-
Cost of good sold	58,887	-	-
Gross Profit	128,146	100,000	-
Expenses			
Commissions	20,000	20,000	-
Information Technology	1,164	-	-
Legal and professional fees	104,622	67,873	977
Office expense	180	1,356	-
Salaries	-	6,700	-
Total expenses	125,966	95,929	977
Net income (loss)	2,180	4,071	(977)
Member's equity - beginning	53,094	49,023	-
Member's contributions	-	-	50,000
Member's equity - ending	$ 55,274	$ 53,094	$ 49,023

	2025	2024	2023
Cash flows from operating activities			
Net income (loss)	$ 2,180	$ 4,071	$ (977)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Changes in operating assets and liabilities			
Accounts receivable	(13,577)	-	-
Accounts payable	48,258	26,262	977
Accrued payroll	(1,118)	1,118	-
Contract liabilities	50,000	100,000	-
Customer deposits	40,000	-	-
Other liabilities	3,056	-	-
Net cash provided by operating activities	128,799	131,451	-
Cash flows from investing activities			
Net advances to affiliate	(52,507)	(172,507)	-
Net cash used in investing activities	(52,507)	(172,507)	-
Cash flows from financing activities			
Member's contributions	-	-	50,000
Net cash provided by financing activities	-	-	50,000
Net increase (decrease) in cash, cash equivalents, and restricted cash	76,292	(41,056)	50,000
Cash, cash equivalents, and restricted cash - beginning	8,944	50,000	-
Cash, cash equivalents, and restricted cash - ending	$ 85,236	$ 8,944	$ 50,000

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business
TA Franchise, LLC (the Company), was formed in Delaware in January of 2023 as the franchising entity of its parent company, Tracy Anderson Mind and Body, LLC (TAMB), which operates fitness studios.

Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables and other assets and liabilities.

Cash and Cash Equivalents
The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

The Company maintains cash and cash equivalents on deposit at financial institutions, which at times, may exceed the limits insured by the Federal Deposit Insurance Corporation. This exposes the Company to potential risk of loss in the event the financial institution becomes insolvent.

Accounts Receivable and Allowance for Credit Losses
The Company's accounts receivable primarily arise from initial franchise fees, equipment revenue, and royalty revenue earned from franchisees. At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for credit losses, if any, reflects the Company's estimate of credit losses inherent in the accounts receivable balance. The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company.

Receivables are written off once collection efforts have been exhausted and the amounts are deemed uncollectible. If any recoveries are made from any accounts previously written off, they will be recognized in income in the year of recovery. As of December 31, 2025 and 2024, the Company considers the full amount of receivables to be collectable and have not established an allowance for uncollectability.

Fixed Assets
The Company capitalizes all expenditures for property, plant and equipment in excess of $500 at cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the remaining gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Contract Liabilities
Contract liabilities represent the Company's obligation to perform on uncompleted contracts with customers for which consideration has already been received.

NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue Recognition
The Company generates revenue from franchise fees, the sale of equipment, and ongoing fees paid by franchisees. Revenue is recognized when control of the goods or services is transferred to the franchisee, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods and services. In an arrangement where there are multiple performance obligations, the transaction price is allocated to each performance obligation using the relative stand-alone selling price. Management determines stand-alone selling prices based on the prices charged to customers.

Initial franchise fees are recognized at a point in time upon payment, in consideration of the rights granted to the franchisee, in accordance with the terms of the franchise agreement. Revenue from equipment sales is recognized at a point in time upon delivery, when control transfers to the franchisee. Royalty revenue is recognized over time as the Company's performance obligations are satisfied.

Amounts billed and collected in advance of performance are recorded as contract liabilities until the related performance obligations are satisfied. There are no significant judgments required to determine the amount and timing of revenue recognition.

The Company has determined that the nature, timing, and uncertainty of revenue and cash flows are affected by differences among its franchisees, including variability in the revenue generated by each franchisee.

Cost of Goods Sold
Cost of goods sold includes the expenses incurred to acquire equipment for sale.

Advertising, Marketing, and Promotion Costs
Advertising, marketing, and promotion costs are expensed as incurred.

Income Tax Status
Pursuant to Section 701 of the Internal Revenue Code, the Company is treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits passed through to the member. As such, no recognition of federal or state income taxes has been provided for in the accompanying financial statements. Provisions have been made for applicable local income taxes. An uncertain tax position taken by the member is not an uncertain position of the Company.

A tax position must meet a minimum probability threshold before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Management has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Use of Estimates
The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date

NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events through March 30, 2026, the date these financial statements were available to be issued.

2. REVENUE, ACCOUNTS RECEIVABLE, AND CONTRACT LIABILITIES:

Revenue

The following table disaggregates the Company's operating revenue based on the timing of the satisfaction of performance obligations:

	2025	2024	2023
Revenue recognized at a point in time	$ 178,278	$ 100,000	$ -
Revenue recognized over time	8,755	-	-
Total	$ 187,033	$ 100,000	$ -

Accounts Receivable

There were no accounts receivable balances as of January 1, 2025 and 2024. As of December 31, 2025 and 2024, accounts receivable totaled $13,577 and $0, respectively.

Contract Liabilities

Amounts paid by franchisees for the purchase of equipment that has not been delivered as of December 31, 2025 and 2024 are recorded as contract liabilities on the balance sheets. Contract liabilities as of January 1, 2025 and 2024, were $100,000 and $0, respectively. As of December 31, 2025 and 2024, contract liabilities totaled $150,000 and $100,000, respectively.

3. CUSTOMER DEPOSITS:

In October of 2025, a franchisee executed a letter of intent with the Company, and paid a deposit in the amount of $40,000, which is recorded as customer deposits on the balance sheet as of December 31, 2025.

4. FRANCHISEE AGREEMENTS:

In August of 2024, the Company entered into an agreement with a franchisee in Florida, granting the franchisee a right to operate two studios using the Company's trademarks and system.

In January of 2025, the Company entered into two additional agreements with the same franchisee, with substantially the same terms.

In December of 2022, TAMB entered into a franchise agreement with a franchisee. In November of 2025, TAMB assigned its rights under that agreement to the Company.

Pursuant to the agreements, franchisees must pay certain ongoing fees to the Company, such as royalty fees, brand fund fees, and technology fees, among other fees.

5. RELATED-PARTY TRANSACTIONS: Certain fees were paid by the franchisees directly to TAMB and may not yet be remitted to the Company as of December 31, 2025 and 2024. Additionally, in the normal course of business, TAMB advances funds to the Company to cover certain expenses. These advances are unsecured, bear no interest, and due on demand. The net amount due from TAMB totaled $225,014 and $172,507 as of December 31, 2025 and 2024, respectively, and is presented as due from affiliates on the balance sheets.

6. CONCENTRATIONS: Substantially all revenue for the years ended December 31, 2025 and 2024, was earned from one franchisee.

EXHIBIT C
TO THE
FRANCHISE DISCLOSURE DOCUMENT

State Administrators and Agents for Service of Process

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 or (866) 275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Securities Division Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202
MICHIGAN	Michigan Attorney General’s Office Corporate Oversight Division Attn: Franchise Section G. Mennen Williams Building, 5th Floor 525 West Ottawa Street Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933
MINNESOTA	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East Suite 280 St. Paul, MN 55101-2198

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	NYS Department of Law Bureau of Investor Protection and Securities 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236	Secretary of State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231
NORTH DAKOTA	Insurance Commissioner North Dakota Insurance & Securities Department 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-2910	Insurance Commissioner North Dakota Insurance & Securities Department 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-2910
RHODE ISLAND	Securities Division Department of Business Regulations 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9585	Director of Business Regulation 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Division of Insurance South Dakota Department of Labor and Regulation Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk, Virginia State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (362) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Division of Securities Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703 608-266-8557	Division of Securities, Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703

EXHIBIT D
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Table of Contents for Franchise Operations Manual

SECTION A: INTRODUCTION

SECTION B: PRE-OPENING PROCEDURES

SECTION C: HUMAN RESOURCES

EXHIBIT E
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Current and Former Franchisees as of December 31, 2025

Current Franchisees with Studios Open as of December 31, 2025

Franchisee	Address	City	State	Zip	Phone
Oana Ciorbea	1430 South Dixie Highway	Coral Gables	FL	33146	786-459-6329

Current Franchisees with Franchise Agreements Signed, but Studios Not Open, as of December 31, 2025

Franchisee	Address	City	State	Zip	Phone
Oana Ciorbea	TBD	Boca Raton	FL	TBD	617-233-7189
Oana Ciorbea	TBD	Miami Beach	FL	TBD	617-233-7189
Oana Ciorbea	TBD	Palm Beach, FL	FL	TBD	617-233-7189

Former Franchisees

None

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

EXHIBIT F
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Form of General Release

(attached)

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release**") is executed on ____________________________ by ___
____
(**"Franchisee"**), ____
(**"Guarantors"**), ____
(**"Transferee"**) as a condition of **(1)** the transfer of the Franchise Agreement dated [month] [day], [year] between TA Franchise, LLC (**"Franchisor"**) and Franchisee (**"Franchise Agreement"**); or **(2)** the execution of a successor Franchise Agreement by Franchisee and Franchisor. (If this Release is executed under the conditions set forth in (2) above, all references in this Release to "Transferee" should be ignored.)

1. Release by Franchisee, Transferee, and Guarantors. Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the **"Releasors"**) freely and without any influence forever release **(i)** Franchisor, **(ii)** Franchisor's past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and **(iii)** Franchisor's parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the **"Released Parties"**), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, **"Claims"**), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and Franchisor or Franchisor's parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. Risk of Changed Facts. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) (i) understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true and (ii) hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. Covenant Not to Sue. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) represent and warrant that: (i) the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. Complete Defense. Franchisee, Transferee, and Guarantors (on behalf of all Releasors): (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Waiver of Statutory Preservation Provisions. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) each expressly waives any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasors reside. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) acknowledges and represents that it has consulted with legal counsel before executing this release and that it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

7. Claims Under Washington Franchise Investment Protection Act. This Release shall not apply to any Claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

9. Counterparts. This Release may be executed in two or more counterparts (including by scanned copy), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

10. Capitalized Terms. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

By: ______________________________

Print Name: ______________________________

Title: ______________________________

Date: ______________________________

TRANSFEREE:

By: ______________________________

Print Name: ______________________________

Title: ______________________________

Date: ______________________________

GUARANTOR:

____

Print Name: ______________________________

Date: ______________________________

GUARANTOR:

____

Print Name: ______________________________

Date: ______________________________

EXHIBIT G
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Form of Nondisclosure and Noncompete Agreements

(attached)

NONDISCLOSURE AND NONCOMPETE AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE ENTITY] (referred to as **"we"**, **"us"**, and **"our"**), located at [ADDRESS], and [NAME OF MANAGER OR OTHER INDIVIDUAL], located at [ADDRESS] (referred to as **"you"** and **"your"**). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation and/or other payments and benefits you will receive directly or indirectly from us.

BACKGROUND

We are a franchisee of TA Franchise, LLC (**"Franchisor"**) under a Franchise Agreement dated [DATE] (the **"Franchise Agreement"**). We have a license to use certain trademarks designated by Franchisor, including the TA Tracy Anderson® mark (the **"Marks"**), certain policies and procedures used in TA Tracy Anderson® businesses (the **"System"**), and the Confidential Information developed and owned by Franchisor and its affiliates in our TA Tracy Anderson® Studio (the **"Studio"**). Franchisor recognizes that, in order for us to effectively operate our business, individuals employed by us or otherwise associated with us must have access to certain confidential information and trade secrets owned by Franchisor and its affiliates (the "**Interested Parties**"). Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm the Interested Parties, other franchise owners, and us. Accordingly, Franchisor requires us to have you to sign this Agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, **"Confidential Information"** means all operations and training manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Studio, the System, or Franchisor's business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, member information, employee information, independent contractor information and other confidential information of Franchisor, Franchisor's affiliates, or us (collectively, the **"Interested Parties"**) that you obtain during your association with us.

2. Nondisclosure. You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than us or the Interested Parties) and not to use any Confidential Information for any purpose except, if applicable, to carry out your duties to us as an individual employed by us or otherwise associated with us. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest any of the Interested Parties' ownership of it. These obligations apply both during and after your association with us.

3. Return of Confidential Information. If your association with us ends for any reason or upon our request, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. Noncompete During Association. You may not, during your association with us, without our prior written consent, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any other person or entity:

1. teach or lead, or train individuals to teach or lead, any fitness classes or personal training sessions, dance classes or personal training sessions, yoga flow classes or private sessions, or other classes or private training sessions that employ methods that are similar or identical to those used in Studios (collectively, "**Competitive Classes or Sessions**") at any location in the United States or via any alternative channels of distribution, such as the Internet, webinar, or other video services;

2. own, manage, engage in, be employed by, advise, make loans to, lease to, or have any other interest in (i) any studio, facility, or business that generates 25% or more of its revenue from Competitive Classes or Sessions, or (ii) any entity that grants franchises or licenses for any of these types of businesses (a "**Competitive Business**") at any location;

3. divert or attempt to divert any actual or prospective business, member, or customer of the Studio to any Competitive Business, by direct or indirect inducement or otherwise; or

4. perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

The Competitive Classes or Sessions do not include classes or private training sessions that exclusively involve spinning/cycling, rowing, running, boxing, TRX training, and/or weightlifting.

5. Noncompete After Association Ends. For three years after your association with us ends for any reason, you shall be subject to the same restrictions as in Section 4 (Noncompete During Association), except the restrictions in Section 4(a), 4(b), and 4(c) shall be geographically limited to any Competitive Business that is located within, or that offers online Competitive Classes or Sessions to any customers that are located within, a 20-mile radius of the Studio or any other TA Tracy Anderson® studio that is operating or under development at the time your association with us ends.

6. Remedies. If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

7. Severability. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

8. Independent Agreement. The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

9. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of the other Interested Parties which have an interest in protecting their Confidential Information and in protecting the System from unfair competition. Each of the

Interested Parties have the right to enforce this Agreement directly against you and to exercise all of our rights under this Agreement.

10. Not an Employment Agreement. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

11. Modification and Waiver. Your obligations under this Agreement cannot be waived or modified except in writing.

12. Governing Law. This Agreement is governed by the laws of the state in which our principal office is located.

13. Attorney's Fees. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.

14. Representation. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

____
SIGNATURE

____
PRINTED NAME

NONDISCLOSURE AGREEMENT

This Agreement is dated [DATE]. The parties are [NAME OF FRANCHISEE ENTITY] (referred to as **"we"**, **"us"**, and **"our"**), located at [ADDRESS], and [NAME OF MANAGER OR OTHER INDIVIDUAL], located at [ADDRESS] (referred to as **"you"** and **"your"**). You are signing this Agreement in consideration of, and as a condition to, your association with us and the compensation and/or other payments and benefits you will receive directly or indirectly from us.

BACKGROUND

We are a franchisee of TA Franchise, LLC (**"Franchisor"**) under a Franchise Agreement dated [DATE] (the **"Franchise Agreement"**). We have a license to use certain trademarks designated by Franchisor, including the TA Tracy Anderson® mark (the **"Marks"**), certain policies and procedures used in TA Tracy Anderson® businesses (the **"System"**), and the Confidential Information developed and owned by Franchisor and its affiliates in our TA Tracy Anderson® Studio (the **"Studio"**). Franchisor recognizes that, in order for us to effectively operate our business, individuals employed by us or otherwise associated with us must have access to certain confidential information and trade secrets owned by Franchisor and its affiliates (the "**Interested Parties**"). Disclosure of this confidential information and trade secrets to unauthorized persons, or its use for any purpose other than the operation of our business, would harm the Interested Parties, other franchise owners, and us. Accordingly, Franchisor requires us to have you to sign this Agreement.

AGREEMENT

1. Confidential Information. As used in this Agreement, **"Confidential Information"** means all operations and training manuals, trade secrets, know-how, methods, training materials, information, management procedures, and marketing and pricing techniques relating to the Studio, the System, or Franchisor's business. In addition, Confidential Information includes all marketing plans, advertising plans, business plans, financial information, member information, employee information, independent contractor information and other confidential information of Franchisor, Franchisor's affiliates, or us (collectively, the **"Interested Parties"**) that you obtain during your association with us.

2. Nondisclosure. You agree not to use or disclose, or permit anyone else to use or disclose, any Confidential Information to anyone outside of our organization (other than us or the Interested Parties) and not to use any Confidential Information for any purpose except, if applicable, to carry out your duties to us as an individual employed by us or otherwise associated with us. You also agree not to claim any ownership in or rights to Confidential Information and not to challenge or contest any of the Interested Parties' ownership of it. These obligations apply both during and after your association with us.

3. Return of Confidential Information. If your association with us ends for any reason or upon our request, you must return to us all records described in Paragraph 1, all other Confidential Information, and any authorized or unauthorized copies of Confidential Information that you may have in your possession or control. You may not retain any Confidential Information after your association with us ends.

4. Remedies. If you breach or threaten to breach this Agreement, you agree that we will be entitled to injunctive relief (without posting bond) as well as a suit for damages.

5. Severability. If any part of this Agreement is declared invalid for any reason, the invalidity will not affect the remaining provisions of this Agreement. If a court finds any provision of this Agreement to be unreasonable or unenforceable as written, you agree that the court can modify the provision to make it enforceable and that you will abide by the provision as modified.

6. Independent Agreement. The Agreement is independent of any other obligations between you and us. This means that it is enforceable even if you claim that we breached any other agreement, understanding, commitment or promise.

7. Third Party Right of Enforcement. You are signing this Agreement not only for our benefit, but also for the benefit of the other Interested Parties which have an interest in protecting their Confidential Information. Each of the Interested Parties have the right to enforce this Agreement directly against you and to exercise all of our rights under this Agreement.

8. Not an Employment Agreement. This is not an employment agreement. Nothing in this Agreement creates or should be taken as evidence of an agreement or understanding by us, express or implied, to continue your association with us for any specified period.

9. Modification and Waiver. Your obligations under this Agreement cannot be waived or modified except in writing.

10. Governing Law. This Agreement is governed by the laws of the state in which our principal office is located.

11. Attorney's Fees. If we have to take legal action to enforce this Agreement, we will be entitled to recover from you all of our costs, including reasonable attorneys' fees, to the extent that we prevail on the merits.

12. Representation. You certify that you have read and fully understood this Agreement, and that you entered into it willingly.

____
SIGNATURE

____
PRINTED NAME

EXHIBIT H
TO THE
FRANCHISE DISCLOSURE DOCUMENT

Additional State-Required Disclosures and Riders

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
TA FRANCHISE, LLC**

The following are additional disclosures for the Franchise Disclosure Document of TA Franchise, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN

The following provision applies only to franchisees and franchised Restaurants that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and/or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. BEFORE THE FRANCHISOR CAN ASK YOU TO MATERIALLY MODIFY YOUR EXISTING FRANCHISE AGREEMENT, SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES THE FRANCHISOR TO FILE A MATERIAL MODIFICATION APPLICATION WITH THE DEPARTMENT THAT INCLUDES A DISCLOSURE DOCUMENT SHOWING THE EXISTING TERMS AND THE PROPOSED NEW TERMS OF YOUR FRANCHISE AGREEMENT. ONCE THE APPLICATION IS WITH AN EXPLANATION THAT THE CHANGES ARE VOLUNTARY.

3. OUR WEBSITE, www.tracyandersonmethod.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. The following is added at the end of Item 3:

> Neither we, our parent, predecessor or affiliates nor any person in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following language is added to the end of Item 5:

> The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business.

6. The following language is added to the "Remarks" column of the line-item titled "Interest" in Item 6:

> The highest interest rate allowed under California law is 10% annually.

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

> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.
>
> The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
>
> The Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).
>
> For franchises operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

To comply with Section 20040.5 of the California Franchise Relations Act, the venue for any claim arising under or relating to the Franchise Agreement involving a Studio operating within California shall be the federal or California state courts located in the metropolitan area in which the Studio is located. Any language in the Franchise Agreement or any amendment to or any agreement to the contrary is superseded by this condition.

The Franchise Agreement require you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

8. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FDD CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

The following is added to the end of Item 5:

> Based on our financial condition, the Hawaii Department of Commerce and Consumer Affairs, Business Registration Division, has required a financial assurance. Therefore, all initial fees owed by you to us will be deferred until we have completed our obligations to you under the Franchise Agreement and your Studio opens for business under the Franchise Agreement.

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

Exhibit I (Compliance Questionnaire) to this Disclosure Document is hereby deleted.

ILLINOIS

1. The following language is added to the end of Item 5:

   Payment of Initial (and Development) Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

2. The following language is added to the end of Item 17:

   Illinois law shall apply to and govern the Franchise Agreement.

   In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

   Franchisees’ right upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

   In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The Franchisor can require you to engage an attorney to review your lease or purchase agreement and provide the Franchisor with documentation, including a lease abstract and confirmation that the terms reflect the terms in any Letter of Intent between you and a third-party lessor for the site you propose for your TA fitness studio.

MARYLAND

1. The following is added to the end of Item 5:

   Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

2. The following language is added to the end of the "Summary" sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for Franchisor approval of transfer:

   Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. (The form of general release that we currently intend to use in connection with transfers and renewals is attached as Exhibit F to this Franchise Disclosure Document.)

3. The following language is added to the end of the "Summary" sections of Item 17(h), entitled "Cause" defined – non-curable defaults:

   The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" sections of Item 17(v), entitled Choice of forum are amended to add the following:

   , and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

5. The "Summary" sections of Item 17(w), entitled Choice of law, are deleted in their entirety and the following is substituted in their place:

   New York law generally applies, except for the Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of Item 17:

   You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. **Trademarks**. The following sentence is added to the end of Item 13:

   Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

2. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added at the end of the chart in Item 17:

   With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document, Franchise Agreement can abrogate or reduce any of Developer's or Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.

   THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following language is added to the end of Item 3 of the Franchise Disclosure Document:

   Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

   A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   B. No such party has pending actions, other than routine litigation incidental to the business, that are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

   C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

4. The following language is added to the end of the "Summary" sections of Item 17(c), titled Requirements for a franchisee to renew or extend, and Item 17(m), titled Conditions for franchisor approval of transfer:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. The following language replaces the "Summary" section of Item 17(d) of the Franchise Disclosure Document, titled Termination by franchisee:

You may terminate the agreement on any grounds available by law.

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

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

7. Franchise Questionnaires and Acknowledgements. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure

Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

RHODE ISLAND

1. The "Summary" section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following language:

Subject to applicable state laws, you and your Owners must, and we may, bring claims in federal or state courts located in New York, New York (or the city in which our principal place of business is then located, if we no longer have an office in Chicago), except as otherwise required by applicable law for claims arising under the Rhode Island Franchise Investment Act. 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. The "Summary" section of Item 17(w), entitled Choice of law, is deleted and replaced with the following language:

Except for federal law, New York law controls, except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act and except for New York franchise registration and disclosure laws and franchise relationship laws, which will not apply to the Franchise Agreement or the related franchise relationship, unless such statute would apply independently without reference to the choice of law provision in the Franchise Agreement. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

VIRGINIA

1. The following language is added to the end of Items 5 and 7:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

2. The following language is added to the end of the "Summary" section of Item 17.h., entitled "Cause" defined – non-curable defaults:

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.

3. The following language is added to the end of the "Summary" section of Item 17.r., entitled <u>Non-competition covenants after the Franchise Agreement is terminated or expires</u>:

Effective as of July 1, 2026, under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

4. The following language is added to the end of the "Summary" section of Item 17.w., entitled <u>Choice of law</u>:

Effective as of July 1, 2026, under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____________________, 20__ (the "Franchise Agreement"). This Rider is being signed because (a) you are domiciled in California and the Studio will be located in California and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in California.

2. **INITIAL FEES**. The following is added to the end of Section 3.1 of the Franchise Agreement:

> The Department of Financial Protection and Innovation requires Franchisor to defer the collection of the initial fees from California franchisees until Franchisor has completed all its pre-opening obligations and Franchisee is open for business.

3. **MISCELLANEOUS**. The following is added to the end of Section 17 of the Franchise Agreement:

> a. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.
>
> b. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

<u>FRANCHISOR</u> **TA FRANCHISE, LLC**	**<u>FRANCHISEE</u>** **(ENTITY):**
By:______________________________	______________________________ [Name]
Name:____________________________	By:______________________________
Title:_____________________________	Name:____________________________
Date:_____________________________	Title:_____________________________
	Date:_____________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN HAWAII

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ___________________________, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Hawaii and the Studio that you will operate under the Franchise Agreement will be located in Hawaii, and/or (b) you are domiciled in Hawaii.

2. **FEE DEFERRAL**. The following paragraph is added to the end of Section 3 (Fees) of the Franchise Agreement:

> Based on our financial condition, the Hawaii Department of Commerce and Consumer Affairs, Business Registration Division, has required a financial assurance. Therefore, all initial fees owed by you to us will be deferred until we have completed our obligations to you under this Agreement and your Studio opens for business under this Agreement.

3. **ACKNOWLEDGEMENTS**. Section 18.5 (Acknowledgements in Certain States) of the Franchise Agreement is hereby deleted.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR
TA FRANCHISE, LLC

By:______________________________

Name:______________________________

Title:______________________________

Date:______________________________

FRANCHISEE
(ENTITY):

____
[Name]

By:______________________________

Name:______________________________

Title:______________________________

Date:______________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____________________________, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Studio that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **INITIAL FEES**. The following is added to the end of Section 3 (Fees) of the Franchise Agreement:

> Based on our financial condition, the Illinois Attorney General's Office has imposed a deferral requirement. Therefore, all initial fees owed by you to us shall be deferred until we have met our initial obligations to you under this Agreement and your Studio opens for business under this Agreement.

3. **ADDITION OF PARAGRAPHS**. The following paragraphs are added to the end of the Franchise Agreement as Section 19:

> Illinois law shall apply to and govern the Franchise Agreement.
>
> In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
>
> Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
>
> In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> The Franchisor can require you to engage an attorney to review your lease or purchase agreement and provide the Franchisor with documentation, including a lease abstract and confirmation that the terms reflect the terms in any Letter of Intent between you and a third-party lessor for the site you propose for your TA fitness studio.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR
TA FRANCHISE, LLC

By:______________________________

Name:____________________________

Title:_____________________________

Date:_____________________________

FRANCHISEE
(ENTITY):

____
[Name]

By:______________________________

Name:____________________________

Title:_____________________________

Date:_____________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ___________________________, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland, and/or; (b) the Studio will be located or operated in Maryland.

2. **RELEASES.** The following is added to the end of Sections 2.2(f), 13.1, 13.4(e), 13.6, and 15.5(d) of the Franchise Agreement:

> ; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **GOVERNING LAW**. The first sentence of Section 16.3 of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> Except as otherwise required by law for claims arising under the Maryland Franchise Registration and Disclosure Law, this Agreement will be governed by, construed, and enforced in accordance with the laws of the State of New York except New York franchise registration and disclosure laws and franchise relationship laws, will not apply to this Agreement or the related franchise relationship, unless such statute would apply independently without reference to the choice of law provision in this Agreement.

4. **TERMINATION AND DEFAULT**. The following is added to the end of Section 14.1(q) of the Franchise Agreement:

> ; however, such provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.), although we intend to enforce it to the extent enforceable.

5. **FORUM FOR LITIGATION**. The following language is added to the end of Section 16.2 of the Franchise Agreement:

> Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS**. The following language is added to the end of Section 18 of the Franchise Agreement:

> Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. **ACKNOWLEDGEMENTS IN CERTAIN STATES**. Section 18.5 of the Franchise Agreement is hereby deleted.

8. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 16.8 of the Franchise Agreement:

> , except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

9. **FEE DEFERRAL**. The following is added to the end of Section 3 of the Franchise Agreement:

> Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
TA FRANCHISE, LLC	**(ENTITY):**
By:____________________________	____________________________ [Name]
Name:_________________________	By:____________________________
Title:__________________________	Name:_________________________
Date:__________________________	Title:__________________________
	Date:__________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ___________________________, 20___ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Studio that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 2.2(f), 13.1, 13.4(e), 13.6, and 15.5(d) of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **SUCCESSOR TERM AND TERMINATION**. The following is added to the end of Sections 2.2 and 14 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS**. The following sentence is added to the end of Section 9.1 of the Franchise Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, cots or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **FORUM FOR LITIGATION**. The following language is added to the end of Section 16.2 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR

YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

6. **GOVERNING LAW**. The following statement is added at the end of Section 16.3 of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 16.4 and 16.5 of the Franchise Agreement are deleted.

8. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 16.8 of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

9. **INJUNCTIVE RELIEF**. Section 16.9 of the Franchise Agreement is deleted and replaced with the following:

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that we may seek such injunctive relief. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction. A court will determine if a bond is required.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR

TA FRANCHISE, LLC

By:______________________________

Name:______________________________

Title:______________________________

Date:______________________________

FRANCHISEE

(ENTITY):

____
[Name]

By:______________________________

Name:______________________________

Title:______________________________

Date:______________________________

RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ________________________________, (the "Franchise Agreement"). This Rider is being signed because (a) you are domiciled in the State of New York and the Studio that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER - BY US**. The following language is added to the end of Section 13.1 of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES**. The following language is added to the end of 2.2(f), 13.1, 13.4(e), 13.6, and 15.5(d) of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY YOU**. The following language is added to the end of Section 14.3 of the Franchise Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Sections 15.10 and 16.9:

> Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **FORUM FOR LITIGATION**. The following statement is added at the end of Section 16.2 of the Franchise Agreement:

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

7. **GOVERNING LAW.** The following is added to the end of Section 16.3 of the Franchise Agreement:

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

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
TA FRANCHISE, LLC	**(ENTITY):**
By:______________________________	________________________________ [Name]
Name:____________________________	
Title:_____________________________	By:______________________________
Date:_____________________________	Name:____________________________
	Title:_____________________________
	Date:_____________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ___________________________, 20____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement and related agreements. This Rider is being signed because (a) the offer or sale of the franchise for the Studio you will operate under the Franchise Agreement occurred in Rhode Island; and/or (b) you are a resident of Rhode Island and you will operate the Studio in Rhode Island.

2. **GOVERNING LAW**. The first sentence of Section 16.3 of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

> Except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act and except for New York franchise registration and disclosure laws and franchise relationship laws (unless such New York statute would apply independently without reference to the choice of law provision in the Franchise Agreement), this Agreement will be governed by, construed, and enforced in accordance with the laws of the State of New York. 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 laws of another state is void with respect to a claim otherwise unenforceable under this Act."

3. **FORUM FOR LITIGATION**. The following statement is added to the end of Section 16.2 of the Franchise Agreement:

> However, subject to the parties' arbitration obligations, nothing in this Section affects your right, to the extent required by applicable law with respect to claims arising under the Rhode Island Franchise Investment Act, to sue in Rhode Island for claims arising under that Act.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
TA FRANCHISE, LLC	**(ENTITY):**
By:____________________________	______________________________ [Name]
Name:__________________________	By:____________________________
Title:___________________________	Name:__________________________
Date:___________________________	Title:___________________________
	Date:___________________________

RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

THIS RIDER (this "**Rider**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Rider, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **INITIAL FEES**. The following is added to the end of Section 3.1 (Franchise Fee) of the Franchise Agreement:

> The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the Franchise Agreement.

2. **POST-TERMINATION COVENANTS.** The following language shall be added at the end of Section 12.2 (After Termination, Expiration, or Transfer) of the Franchise Agreement, if this Rider is execute on or after July 1, 2026:

> Notwithstanding anything to the contrary in this Section or Agreement, the non-compete restrictions contained in Section 12.1(a) and 12.1(b) of this Agreement shall not apply to you after the expiration or termination of this Agreement or an approved Transfer to a new franchisee, unless you sell the Studio back to us at a mutually agreed price.

3. **GOVERNING LAW.** The following language shall be added at the end of Section 16.3 (Governing Law) of the Franchise Agreement, if this Rider is execute on or after July 1, 2026:

> Notwithstanding the above, this Agreement shall be interpreted and construed exclusively under the laws of the Commonwealth of Virginia.

4. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
TA FRANCHISE, LLC	**(ENTITY):**
By:_____________________________	________________________________ [Name]
Name:___________________________	By:_____________________________
Title:____________________________	Name:___________________________
Date:____________________________	Title:____________________________
	Date:____________________________

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

THIS ADDENDUM (this "**Addendum**") is made and entered into by and between **TA Franchise, LLC**, a Delaware limited liability company with its principal place of business at [Address] (**"Franchisor"**), and the person or entity identified on Appendix A as the franchisee (**"Franchisee"**) with its principal place of business as set forth on Appendix A. In this Addendum, **"we," "us,"** and **"our"** refers to Franchisor. **"You"** and **"your"** refers to Franchisee.

1. **<u>Background</u>**. We and you are parties to that certain Franchise Agreement dated __________________________, 20____ (the "**Franchise Agreement**"). The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

2. **<u>Conflict of Laws</u>.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

3. **<u>Franchisee Bill of Rights</u>.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

4. **<u>Site of Arbitration, Mediation, and/or Litigation</u>.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

5. **<u>General Release</u>.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

6. **<u>Statute of Limitations and Waiver of Jury Trial</u>.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

7. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

8. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

9. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

10. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

11. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

12. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

13. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

14. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

15. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed

$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

16. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

17. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

18. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

19. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

20. **Non-Compliance Fee.** If we exercise the non-compliance fee, we will do so in good faith in accordance with Washington law, assessing the fee based on a reasonable determination of its costs.

21. **Willful Misconduct or Gross Negligence.** Section 11.3 (Willful Misconduct or Gross Negligence) of the Franchise Agreement is amended to replace "willful misconduct or gross negligence" with "acts of negligence, willful misconduct, strict liability, or fraud."

22. **Post-Term Noncompete.** Section 12.2 (After Termination, Expiration, or Transfer) of the Franchise Agreement is amended to replace "three years" with "two years".

23. **Consent to Transfers.** Notwithstanding Section 13.3(b) (Obtaining Consent) of the Franchise Agreement, we will not unreasonably withhold our consent to a Transfer.

24. **Control Transfer.** Section 13.4(e) (Control Transfer) of the Franchise Agreement is deleted. You will not be required to sign a general release as a condition of a Transfer.

25. **Transfer Upon Death or Incapacity.** Section 13.8 (Transfer Upon Death Or Incapacity) of the Franchise Agreement is amended to replace "within 120 days after the date of death or appointment of a personal representative or trustee" with "within 180 days after the date of death or appointment of a personal representative or trustee."

26. **Mutual Waiver of Punitive Damages. T**he waiver of punitive, exemplary, multiple, or consequential damages in Section 16.5 (Mutual Waiver of Punitive Damages) of the Franchise Agreement does not apply to damages provided for under Washington law.

27. **Limitation of Claims.** The limitation of claims in Section 16.8 (Limitation of Claims) of the Franchise Agreement does not apply to claims arising under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW.

28. **Initial Fees**. The following is added to Item 5 of the Franchise Disclosure Document and Section 3.1 of the Franchise Agreement: "The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business."

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

FRANCHISOR	**FRANCHISEE**
TA FRANCHISE, LLC	**(ENTITY):**
By:________________________	________________________ [Name]
Name:________________________	By:________________________
Title:________________________	Name:________________________
Date:________________________	Title:________________________
	Date:________________________

EXHIBIT I

TO THE

FRANCHISE DISCLOSURE DOCUMENT

Compliance Questionnaire

(attached)

QUESTIONNAIRE TO BE COMPLETED BEFORE YOU SIGN THE FRANCHISE AGREEMENT

THIS QUESTIONNAIRE SHALL NOT BE COMPLETED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

PLEASE DO NOT SIGN IF THE FRANCHISEE IS A MARYLAND RESIDENT OR IF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN THE STATE OF MARYLAND.

PLEASE DO NOT SIGN IF THE FRANCHISEE IS A WASHINGTON RESIDENT OR IF THE FRANCHISED BUSINESS WILL BE LOCATED WITHIN THE STATE OF WASHINGTON OR ANY OF THE OFFERING OR SALES ACTIVITY RELATING TO THE FRANCHISE AGREEMENT OCCURRED IN WASHINGTON.

You are preparing to enter into a TA Tracy Anderson® Franchise Agreement (the "**Franchise Agreement**") with TA Franchise, LLC ("**we**" or "**us**"). The purpose of this Questionnaire is to confirm that you understand the terms of the contract and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each. In this Questionnaire, our "representatives" include our officers, directors, employees, agents, sales brokers, and/or any other representatives working on our behalf.

1. When and where did you have your first face-to-face meeting with our representative(s)?

   Approximate date of first meeting:____

   Place of meeting:____

2. Which of our representative(s) have you been dealing with?

   Name(s):____

3. Have you personally read the TA Tracy Anderson® Disclosure Document ("FDD")?

   Yes _____ No _____

4. Did you give us a signed receipt for the copy of the FDD that we furnished to you?

   Yes _____ No _____ If yes, on what date? ______________________________

5. Do you understand all of the information contained in the FDD?

   Yes _____ No _____

If not, what parts of the FDD do you not understand? (Attach additional pages, if necessary.)

____

____

____

6. Have you personally read the Franchise Agreement?

Yes _____ No _____

7. Do you understand all of the terms of the Franchise Agreement?

Yes _____ No _____

If not, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

____

____

____

____

____

8. Have any of our representatives recommended that you have the FDD and related agreements reviewed by an attorney or other professional advisor?

Yes _____ No _____

9. Have you, in fact, discussed the FDD, the related agreements, and the benefits and risks of operating a TA Tracy Anderson® franchise with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If yes, name and profession of advisor: ____

If no, do you wish to have more time to do so?

Yes _____ No _____

10. Have you contacted any of our existing franchisees about their financial performance?

Yes _____ No _____

11. If your answer to Question 12 is “yes,” please describe the information that they shared with you in the following space. (You do not need to identify the franchisees with whom you spoke.)

____

____

____

____

____

12. Have you entered into any agreement with us before today concerning our franchise opportunity?

Yes ______ No ______ If Yes, please describe: ______________________________

13. Have you paid any money to us before today in connection with our franchise opportunity?

Yes ______ No ______ If Yes, please describe: ______________________________

14. Would you agree that the success or failure of your franchise will depend in large part upon your own skills and abilities, competition from other businesses, the size of your market, and other economic and business factors?

Yes ______ No ______

15. In which state do you reside? ____

16. In which state do you intend to operate the TA Tracy Anderson® franchise?

____

17. Have you selected a specific site at which you propose to open your TA Tracy Anderson® studio?

Yes ______ No ______

If yes, please specify the location:____

____

18. Do you have personal knowledge of the market area in which you will operate?

Yes ______ No ______

19. Did you obtain advice from anyone other than our representatives in selecting your site?

Yes _____ No _____ If yes, name of advisor:______________________

If not, do you wish to have more time to do so?

Yes _____ No _____

20. Have all of your questions concerning your proposed investment in a TA Tracy Anderson® franchise been answered to your satisfaction?

Yes _____ No _____

* * *

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 that you have responded truthfully to the above questions.

FRANCHISE APPLICANT

____

Date: ____________________________________

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	April 28, 2026
Minnesota	Not filed
New York	Pending
North Dakota	Not filed
Rhode Island	Not filed
South Dakota	Not filed
Virginia	Not filed
Washington	Pending
Wisconsin	Not filed

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ITEM 23 RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If TA Franchise, LLC ("**TAF**") offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to, TAF or one of its affiliates in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that TAF provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, TAF or one of its affiliates in connection with the proposed sale. Michigan requires that TAF provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, TAF or one of its affiliates in connection with the proposed sale.

If TAF does not deliver this disclosure statement on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

TAF's registered agents authorized to receive service of process are set forth on Exhibit C.

Issuance Date: April 28, 2026

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at TA Franchise, LLC, 241 E. 59th Street, New York, NY 10022, 646-902-6975:			
☐ Tracy Anderson	☐ Steven Beltrani	☐ Maria Kelling	☐ Rebecca Stephens
☐ ________________	☐ ________________	☐ ________________	☐ ________________

I received a Disclosure Document dated April 28, 2026. The Disclosure Document included the following exhibits: A. Franchise Agreement; B. Financial Statements; C. State Administrators and Agent for Service of Process; D. Manuals' Tables of Contents; E. Current Franchisees and Former Franchisees; F. General Release; G. Nondisclosure and Noncompete; H. Additional State-Required Disclosures and Riders; and I. Compliance Questionnaire.

______________________________ ______________________________
Signature (individually and as an officer) Date Disclosure Document Received

____
Print Name

TO BE KEPT FOR YOUR FILES

____
Print Franchisee's Name (if an Entity)

ITEM 23 RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If TA Franchise, LLC ("**TAF**") offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement with, or make a payment to, TAF or one of its affiliates in connection with the proposed franchise sale.

Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that TAF provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, TAF or one of its affiliates in connection with the proposed sale. Michigan requires that TAF provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, TAF or one of its affiliates in connection with the proposed sale.

If TAF does not deliver this disclosure statement on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

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□ Tracy Anderson □ ____________	□ Steven Beltrani □ ____________	□ Maria Kelling □ ____________	□ Rebecca Stephens □ ____________

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____
Signature (individually and as an officer)

____
Date Disclosure Document Received

____
Print Name

____
Print Franchisee's Name (if an Entity)

<u>TO BE RETURNED TO:</u>
TA Franchise, LLC
241 E. 59th Street
New York, NY 10022