FRANCHISE DISCLOSURE DOCUMENT

BODYROK Franchise USA, LP
A Missouri Limited Partnership
138 North Meramec Avenue, Suite 108
Saint Louis, Missouri 63105
(858) 212-9101
E-mail: jake@bodyrok.com
URL: www.bodyrok.com

As a BODYROK franchisee you will operate a single retail outlet providing fitness services to retail customers using designated or authorized workout procedures, methods and techniques.

The total investment necessary to begin operation of a single BODYROK Outlet is $228,750 to $869,000. This includes $111,000 to $182,000 that must be paid to the franchisor and its affiliates. The total investment necessary to begin operation of a BODYROK Outlet for the first Outlet if you sign an Area Development Agreement for 3 BODYROK outlets is $263,750 to $904,000. This includes is $146,000 to $217,000 that must be paid to the Franchisor or affiliate. The total investment necessary to begin operation of a BODYROK Outlet for the first Outlet if you sign an Area Development Agreement for 2 BODYROK outlets is $268,750 to $909,000. This includes $151,000 to $222,000 that must be paid to the Franchisor or 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jake Irion at 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105; telephone (858) 212-9101.

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

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

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

Issued: **July 18, 2024.**

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 Exhibit D.
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?	Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BODYROK 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 BODYROK franchisee?	Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

<u>Business model can change</u>. 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.

<u>Supplier restrictions</u>. 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.

<u>Operating restrictions</u>. 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.

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

<u>Renewal</u>. 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.

<u>When your franchise ends</u>. 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 G.

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

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

3. **<u>Short Operating History</u>.** 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 franchisor in a system with a longer operating history.

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.

BODYROK

FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS

<u>Exhibits</u>

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

To simplify the language, this disclosure document uses "we" or "us" to mean BODYROK Franchise USA, LP, the franchisor. "You" or "your" means the individual or entity buying the BODYROK franchise. If you are an entity rather than individual, all persons who own 20% or more of your entity are "Principal Equity Owners", and these Principal Equity Owners must personally guarantee, and be personally bound by, some of or all your obligations as a franchisee.

The Franchisor, Parents and Affiliates

We are the franchisor for the BODYROK system. Our principal business address is 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105, and our telephone number is 858-212-9101.

We are a limited partnership, and our General Partner is BFUSAGP, GP, Inc., whose principal address is also 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105. Otherwise, we have no parent entity.

Our affiliate, Exercise Technologies, L.P., may from time to time sell BODYROK Pilates Machines to certain franchisees who were already in the BODYROK franchise system prior to 2022. Although Exercise Technologies, L.P. no longer sells our BODYROK Pilates Machines to franchisees, it made exceptions for a few franchisees in 2023 that were already in the system and opening new Outlets. Exercise Technologies, L.P.'s principal address is 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105. Exercise Technologies, L.P has never offered franchises in this or any other line of business.

We do not have any other affiliates that provide products or services to our franchisees.

Predecessors

Our predecessor is BODYROK Franchise, Limited Partnership ("BRFLP"), whose address is 8251 Maryland Avenue, Suite 108, Saint Louis, Missouri 63105. BRFLP offered and sold BODYROK franchises from September 2015 to April 2018.

Name Used by the Franchisor

We conduct business under the name "BODYROK". We do not conduct business under any other names.

Agent for Service of Process

Our agents for service of process are Michael Kohn, 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105 and the applicable state office or official listed in Exhibit G of this disclosure document.

Business Organization Used by the Franchisor

We are a limited partnership that was organized in Missouri on March 10, 2021.

The Franchisor's Business

We act solely as a franchisor of BODYROK franchises. We began offering BODYROK franchises in May 2021. We do not operate businesses of the type being franchised, and we do not engage in other business activities.

The Business You Will Conduct

Our franchise is a license to independently own and operate a single retail outlet ("Outlet") providing high intensity Pilates and other related fitness programs, services, fitness related clothing, accessories and other merchandise ("BODYROK Services and Products") to retail customers using designated or authorized BODYROK techniques and formats. The Outlet contains a full complement of our BODYROK Pilates Machines, audio/visual equipment, accessories and related supplies.

To become a franchisee, you must execute a Franchise Agreement which will give you the right to open and operate an Outlet at a specific, approved location, or within an approved designated area within a specific time. The Franchise Agreement grants an initial term of five years, with the right to renew for three additional five-year terms. The form of Franchise Agreement is attached as Exhibit A of this disclosure document.

If you want to and are financially and operationally qualified in our judgment to do so, you and we may enter into an Area Development Agreement ("ADA"), under which you would be granted an exclusive right to open and operate in a defined "Development Area" two or three Outlets. You or your affiliated entity must sign our current form of Franchise Agreement for each Outlet opened under the ADA (the current form of Franchise Agreement for Outlets opened under the ADA in future years may differ from the form of Franchise Agreement included in this disclosure document). The form of ADA is attached as Exhibit B of this disclosure document.

General Market for Franchised Products and Services

The general market you will operate the business in primarily involves individuals interested in fitness services. The market for BODYROK Services and Products is all individuals within a reasonable proximity to the Outlet. This type of business is well-developed and, therefore, very competitive. Depending upon your Outlet's location and demographics, business may be seasonal.

Industry Specific Laws or Regulations

All local, state and federal laws that apply to your Outlet must be complied with by you. You will need a business license, reseller's permit, and possibly other licenses and permits. Your Outlet must meet applicable municipal, county, state and federal building codes and handicap access codes, including compliance with the Americans with Disabilities Act of 1990, as amended, or similar state laws or legislation. You will also have to comply with other local laws and rules applicable to the Outlet.

Certain states and local governments have laws pertaining to health and fitness clubs, including laws requiring postings about steroids and other drug use, requiring certain medical equipment in the club, limiting the supplements that health and fitness clubs can sell, requiring bonds if a health or fitness club sell memberships valid for more than a specified period of time, requiring club owners to deposit into escrow certain amounts collected from members before the club opens (i.e. "presale" memberships), and imposing other restrictions on memberships that health or fitness clubs sell. You should investigate all of these laws and any other applicable laws. It is your sole responsibility to comply with them.

Competition

You will compete with other Pilates and fitness studios, health clubs, gyms and other businesses that offer similar products and services, including on-demand businesses, trainers and Pilates teachers, other franchise systems, including, but not limited to, Pilates Pro Works, Bar Method, SOULCYCLE, Pure Barre, Daily Method, as well as national and regional gyms, many of which have greater financial resources and a longer operating history than BODYROK. You will compete with these competitors for customers, access to desirable locations, and personnel. This competition may impact the likelihood of success of your BODYROK Outlet.

Prior Experience of Franchisor, Predecessors and Affiliates

The BODYROK concept was developed by Jake Irion in 2011 and our affiliate BRFLP offered BODYROK franchises from September 2015 to April 2018. We do not presently own or operate BODYROK Outlets, but we may choose to do so in the future. As of the issuance date of this disclosure document, there are 12 BODYROK outlets owned by our affiliates (the addresses of these outlets are listed in Exhibit D of this disclosure document). We refer to these affiliated companies in this disclosure document as company owned outlets.

We have not previously offered franchises providing the type of business you would operate, nor have we ever offered franchises in other lines of business. We do not operate businesses of the type being franchised. We do not engage in other business activities.

ITEM 2: BUSINESS EXPERIENCE

Jake Irion: Manager and co-Chief Executive Officer
Mr. Irion was named our Manager at our inception in March 2021. He also serves as Manager of BRFLP, Saint Louis, Missouri (since January 2012).

Philip Palumbo: Manager and co-Chief Executive Officer
Mr. Palumbo was named our Manager at our inception in March 2021. He also serves as Manager of BRFLP, Saint Louis, Missouri (since January 2012). Mr. Palumbo also owns and supervises operations of five Dave's Hot Chicken franchised restaurants in Houston, Texas since May 2021.

Martin Hancock: Franchise Development Director
Mr. Hancock has been our Franchise Development Director since our inception in March 2021 to the present. From March 2011 to the present, Mr. Hancock has been the owner of First Franchise Group Inc. in Barrington, Illinois.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Initial Franchise Fee

If you are acquiring the rights to open only one Outlet, the Initial Franchise Fee is $40,000 and is due and payable in full when you sign the Franchise Agreement. The Initial Franchise Fee is typically uniform and is not refundable once paid.

Development Fee

If you sign an ADA agreeing to open two or three outlets, instead of the Initial Franchise Fee for a single outlet as indicated above, you will have the choice, as indicated in the ADA, of one of two payment and development options.

Under option one, if you are agreeing to develop and open three Outlets under the ADA, then you must pay us a Development Fee of $75,000, which will be credited against the initial franchise fee due for each of the three Outlets that you are to develop under the ADA at the rate of $40,000 for the first Outlet, $17,500 for the second Outlet, and $17,500 for the third Outlet. So long as you timely open the Outlets in accordance with the Development Schedule, the initial franchise fee for the second and third Outlets will be discounted to $17,500 each. If, however, you fail to open any of the Outlets by the dates set forth on the Development Schedule, then the initial franchise fee for the remaining Outlets to be opened will be the full $40,000 initial franchise fee for each Outlet. You must pay the balance of the initial franchise fee due for each such Outlet upon execution of the Franchise Agreement for each such Outlet.

Under option two, if you are agreeing to develop and open two Outlets under the ADA, then you must pay us a Development Fee of $80,000, which will be credited against the initial franchise fee due for each of the two Outlets you are to develop under the ADA at the rate of $40,000 for the first Outlet and $40,000 for the second Outlet.

The Initial Franchise Fee and Development Fee paid under the ADA are fully earned by us when paid and are not refundable. The Development Fee is typically uniform. However, the Development Fee last year was $60,000 for 3 Outlets and $70,000 for 4 Outlets.

<u>On-Site Opening Assistance Fee and Travel Expenses</u>

In connection with the opening of the Outlet, we may, in our sole discretion, provide you with on-site opening assistance for a period of approximately 4 days ("On-Site Opening Assistance"). Whether we provide you with On-Site Opening Assistance, and the duration and timing of any such On-Site Opening Assistance, will be determined by us based on your operating experience and abilities, in our sole judgment. You must pay a fee of $3,000 for such On-Site Opening Assistance at least 30 days prior to the anticipated opening.

You must also pay all expenses incurred by us in connection with the on-site training, including, but not limited to, travel, transportation, meals and lodging expenses. We estimate such expenses to be approximately $0 - $3,000. The fee is non-refundable.

<u>Additional Instructor Training Fees</u>

All instructors have to attend BODYROK instructor training prior to teaching any BODYROK classes. There will be no additional fee charged for your Key Trainer and up to 4 more instructors to attend the instructor training part of the Initial Training. We will charge you a training fee of $1,500 per each additional instructor who attends our BODYROK instructor training offered at locations designated by us, and you will be responsible for your trainees' travel, lodging, meal expenses. If you request on-site BODYROK instructor training at your Outlet, and we agree, we will charge you a training fee of $3,000, plus our travel, lodging and meal expenses. For any on-site training, we may, in its discretion, require you to pay a reasonable deposit for our travel, lodging and meal expenses before booking travel. We estimate the cost, including the training fees, for 2 additional instructors to attend BODYROK instructor training either at our designated location or at your Outlet to be approximately $5,000 - $9,000, with approximately $3,000 - $6,000 being paid to us. These fees are non-refundable.

<u>Initial Equipment and Technology Fee</u>

You must pay us an initial equipment and technology fee of $6,500 per each BODYROK Pilates Machine to be used by you for the Outlet. You are required to have in operation at all times at the Outlet a minimum of 10 BODYROK Pilates Machines. You will not own the BODYROK Pilates Machines and will only be permitted to use the machines at the Outlet in accordance with and during the term of the Franchise Agreement. We estimate this initial fee to be between $65,000 to $130,000. This fee is non-refundable.

There are no other initial fees or payments for services or goods received from us or our affiliates before your Outlet opens.

ITEM 6: OTHER FEES

Type of Fee	Amount[1, 4]	Due Date[2]	Remarks
Monthly Royalty	5% of your monthly Gross Revenues	Paid by Electronic Funds Transfer (EFT) monthly on the third business day of the month	"Gross Revenues" means all revenues, however generated or received, derived by you from operating the franchised business at or through the Outlet, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. There will only be deducted from Gross Revenues, to the extent they have been included,(i) applicable sales or use taxes which, by law, are chargeable to customers, if you separately states the taxes when the customer is charged and if you pay the taxes to the appropriate taxing authority; and (ii) any legitimate, documented refunds given in good faith to customers, and not modified or deducted for uncollected accounts, credit card user fees, returned checks or reserves for bad credit. This fee is computed on Gross Revenues received in the prior month.
Marketing and Promotion Fee	Currently, 1% of your monthly Gross Revenues.	Paid by EFT monthly on the third business day of the month	This fee is computed on Gross Revenues received in the prior month. We can increase this fee to up to 2% of Gross Revenues.
Local or Regional Cooperative Fee	Currently not assessed. If collect in the future, up to 2% of your monthly Gross Revenues	Paid by EFT monthly on the third business day of the month	We do not presently collect this fee. If we create a local or regional advertising cooperative for the geographic region in which the Store is located, you will be required to become a member of the cooperative. Based on the decision of a majority of the votes represented by all of the members of the cooperative, each member can be required to contribute to the cooperative, up to, but not greater than, 2% of the monthly Gross Revenues of such member's Outlet(s).
Monthly Equipment and Technology Fee (During Initial Term of Franchise Agreement)	$131 per month per each BODYROK Pilates Machine at the Outlet.	Paid by EFT monthly on the third business day of the month	This fee includes continued access to Franchisor's digital content and playlists, as well as the use of the BODYROK Pilates Machines, that Franchisee is required to use at the Outlet and new straps and handle replacements to be provided to Franchisee approximately 30 months after the Effective Date. Shipping costs for the BODYROK Pilates Machines, straps or handles are not included in this fee and must be paid by you. You are required to have in operation at the Outlet a minimum of 10 BODYROK Pilates Machines.

Type of Fee	Amount[1, 4]	Due Date[2]	Remarks
Monthly Equipment and Technology Fee (During any Renewal Term of Franchise Agreement)	$65 per month per each BODYROK Pilates Machine at the Outlet.	Paid by EFT monthly on the third business day of the month.	This fee includes access to Franchisor's digital content and playlists, as well as the use of the BODYROK Pilates Machines, that Franchisee is required to use at the Outlet and new straps and handle replacements to be provided to Franchisee upon renewal and approximately 30 months after the renewal date. Shipping costs are not included in this fee and must be paid by you.
Training Fee for Replacement General Manager and Key Trainers; Re-Training Fee	$1,500 per person	Prior to training	The failure of your General Manager, Key Trainer and at least one Principal Equity Owner to complete Initial Training to our satisfaction will be grounds for termination; provided, however, before terminating, your General Manager, Key Trainer or Principal Equity Owner who fails to successfully complete Initial Training will be offered the opportunity to retake Initial Training or you may send a replacement General Manager, Key Trainer or Principal Equity Owner, approved by us, to the next available Initial Training program. You must pay this fee per person and pay the costs of travel, lodging and meals for all trainees. Your replacement General Managers and Key Trainers must attend Franchisor's Initial Training. You are responsible for training all other employees, except that all instructors must attend our instructor training. Any new General Manager or Key Trainer must attend the Initial Training program, at an additional charge of $1,500 per person, and must successfully complete it to Franchisor's satisfaction
Training Fee for New Instructors	$1,500 per instructor to attend our BODYROK instructor training at locations designated by us, plus their travel, lodging and meal expenses; or $3,000 flat fee for on-site instructor training at your Outlet, if requested and we agree, plus our travel, lodging and meal expenses.		All instructors have to attend BODYROK instructor training prior to teaching any BODYROK classes. We charge these fees for new instructor training.

Type of Fee	Amount[1, 4]	Due Date[2]	Remarks
Additional Training Fee	Up to $750 per day	At time of training	After the Outlet opens, and upon reasonable notice, we may make available to your General Manager, Key Trainer, Principal Equity Owners and other designated personnel required and/or optional staff training courses, seminars, conferences or other programs at locations we select. We may, at our discretion charge you a separate fee of up to $750 per day for this optional training. And you must also pay the cost of travel, hotel and meal expenses for your attendees at these events, and our representatives at optional training.
On-Site Training or Assistance	Up to $750 per day, plus all expenses incurred by us in connection with the on-site training, including, but not limited to, travel, transportation, meals and lodging expenses	Prior to training	We will not be obligated to provide any additional on-site training or assistance, but if we do, we may impose this fee for each day of on-site training or assistance we agree to provide.
E-Mail Fee	We do not charge you for the email address for your Outlet and one for a principal owner. We will charge a fee for any additional email addresses requested. Currently, this fee is $48 per year per additional email address assigned to you.	Annually	These e-mail addresses are to be used solely in connection with the operation of the Outlet only, and for no other purpose. This fee is subject to change.
POS System Fee	Approximately $300 per month	Monthly	This fee is currently paid to our designated vendor. This fee is subject to change.
Transfer Fee	$5,000	Not later than 10 days before the transfer	The transfer fee covers our costs in reviewing the qualifications of the assignee and providing initial franchise training to the assignee. There is no transfer fee if franchise is transferred to an entity (corporation or limited liability company) owned solely by you. No transfer fee is due if the franchise is transferred to your personal representative, conservator or heir upon your death or legal disability (if you are an individual) or dissolution (if you are an entity).

Type of Fee	Amount[1, 4]	Due Date[2]	Remarks
Renewal Fee	$2,500	Upon execution of the then-current form of the Franchise Agreement being offered to prospective franchisees	You will have the right to renew the Franchise Agreement before the expiration of the Initial Term for 3 additional terms of 5 years each, provided all the conditions in Section 5.2 of the Franchise Agreement have been fulfilled.
Late Payment Penalty	5% of the delinquent amount plus interest	Immediately upon demand for payment	You must also reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts.
Interest	Annual Percentage Rate ("APR") of 18%[2] on the amount past due.	Immediately upon our demand	Interest begins from the date payment was originally due.
Costs of Collection	Cost of collection of delinquent amounts (variable)	Immediately upon our demand	In addition to the late payment penalty and interest on the unpaid amount, you must reimburse us for our costs of collection of delinquent amounts.
Liquidated Damages	Liquidated damages equal to the average value of the Royalties paid or owed to us during the 12 months before the termination (or the actual number of months opened if less than 12) multiplied by (i) 24, being the number of months in 2 full years, or (ii) the number of months remaining during the term of the Franchise Agreement, whichever is less.	Immediately upon demand for payment	This amount is due to us if we terminate the Franchise Agreement due to your breach of the Franchise Agreement. This is in addition to any late payment penalty, interest or costs of collection you would pay us.
Records and Rights of Inspection (Audit)	Cost of audit plus interest on underpayment.	Immediately upon demand for payment	This payment is due if (i) the audit discloses an understatement of 2% or more in amounts payable to us for any month within the period of examination or for the entire period of examination, (ii) you fail to furnish required information or documents to us in a timely manner, or (iii) will it takes our auditors an unreasonable amount of time (more than eight hours) to assemble your records for audit.
Indemnification of Franchisor against Losses	All "Losses", as defined in section 16.2(d) of the Franchise Agreement (variable)	Immediately upon our demand	The Franchise Agreement requires you to indemnify us against Losses we may incur because of (i) your deviation from our approved menu, (ii) unauthorized use of our proprietary information or trademarks, (iii) the breach by you, any Principal Equity Owner or your Manager of non-compete covenants, or (iv) your intentional tort or negligence relating to operation of the Outlet.

Type of Fee	Amount[1, 4]	Due Date[2]	Remarks
Interim Manager Payments	Daily (per diem) charge which is currently $750 per day.	Weekly, on demand.	If there is a death or incapacity of an individual franchisee or a majority equity owner, and there is no successor capable of operating the Outlet, we may appoint an interim manager to operate the Outlet on your behalf for a period of 90 days, renewable as necessary for up to an additional 270 days. For this assistance, you must pay us a reasonable daily management fee for our assistance provide by our interim manager.
Reimbursement for Curing Franchisee Defaults	Cost incurred to cure your defaults (variable)	Immediately upon our demand	If you default in the performance of any obligation under the Franchise Agreement, or related agreement involving third parties, we may cure the default for your account and on your behalf and you would then be obligated to reimburse us for all costs and expenses we incur to do so.
Attorneys' Fees	Reasonable legal fees and other "Expenses" (as defined in section 16.2(e) of the Franchise Agreement) (variable)	Immediately upon determination of the prevailing party by the arbitrator or court	If we are the prevailing party in any arbitration or litigation to resolve a dispute between us, we are entitled to recover our reasonable attorneys' fees and other Expenses (including arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator).
Management Fee	8% of Gross Revenues	As incurred upon demand	If the controlling equity ownership interest in us is transferred to third parties under Section 15.4 of the Franchise Agreement and we purchase the assets of the Outlet, we can take over operations and charge this management fee until the date of closing.
De-identification Enforcement Expense	Variable costs and expenses relating to de-identification	Immediately upon our demand	If you fail to de-identify your Outlet and your business upon termination or non-renewal of the Franchise Agreement, we have the right 15 days after written notice to enter the Outlet and complete de-identification changes at your expense.

1. These fees are imposed by and are paid to us. Except as indicated in Item 5 or otherwise in the table above, all fees are non-refundable. All fees are uniformly imposed. To be eligible to sign the Franchise Agreement, you must provide us with reasonable proof of your financial ability to make the initial investment described above and you must authorize us to conduct a credit check to confirm your financial ability to purchase and develop the Outlet. Under Section 4.5 of the Franchise Agreement, all Royalties, Marketing and Promotion Fees, Equipment and Technology Fees, and other fees and costs must be paid by Electronic Funds Transfer (EFT). You agree to comply with our payment instructions, and to sign any and all documents and forms necessary to effectuate the automatic bank drafts.

2. If any payment is not paid when due, you must pay interest on the unpaid amount at an APR of 18%, unless interest rates on delinquent payments in the state in which your Outlet is located are limited by law to a lower APR, in which case that lower APR will apply. And you must reimburse us immediately upon demand for all reasonable costs of collection relating to delinquent amounts, including court costs, investigator fees, expert witness fees and attorneys' fees. Interest begins to accrue from the date payment was due.

3. In addition to the Marketing and Promotion Fee, you must also spend in your Territory at least $2,500 on grand opening advertising and promotion of your Outlet within the first 60 days after the Opening Date, using the grand opening promotional program that we approve.

4. Any stated dollar amount in the Franchise Agreement may be adjusted based on changes since the effective date of the Franchise Agreement in the annual average of the Consumer Price Index for All Urban Consumers ("CPI"), published by the Bureau of Labor Statistics of the United States Department of Labor, or the highest similar future index if these figures become unavailable.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial franchise fee[1]	$40,000	Lump sum; non-refundable	When you sign the Franchise Agreement.	Us
Initial Equipment and Technology Fee[2]	$65,000 to $130,000	Lump sum; non-refundable	When you order the BODYROK Pilates Machines	Us
BODYROK Pilates Machine Shipping costs[3]	$1,000 to $7,000	Lump sum; non-refundable	When you order the BODYROK Pilates Machines	Designated vendor
On-Site Training Fee and reimbursement of Franchisor travel expenses[4]	$3,000 to $6,000	Lump sum; non-refundable; as incurred	30 days prior to anticipated opening date	Us
Travel and living expenses while training[5]	$2,000 to $21,000	As incurred	During training	Travel and lodging vendors
Additional Instructor Training Fees and Expenses[6]	$5,000 to $9,000	As incurred	Prior to training	Us, travel and lodging vendors
Real property lease[7]	$12,000 to $120,000	Lump sum	Upon signing lease	Landlord
Construction, remodeling, leasehold improvements and decorating costs[8]	$40,000 to $300,000	As required by vendors	Before opening	Contractors and suppliers
Related Equipment and accessories (weights)[9]	$500 to $5,000	As arranged	Before opening	Designated vendors or approved suppliers
POS system, fixtures and other fixed assets[10]	$29,000 to $100,000	As incurred	Before opening	Designated vendors and approved suppliers
Signage[11]	$2,000 to $17,000	As required by vendors	Before opening	Designated vendor
Insurance deposits and premiums[12]	$500 to $3,000	As required by vendors	Before opening	Insurance company
Professional fees - legal and accounting[13]	$500 to $5,000	As arranged	Before opening	Attorneys, accountants and other professionals

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Inventory and supplies to begin operating[14]	$250 to $5,000	As incurred	Before opening	Designated and approved vendors
Miscellaneous opening costs [15]	$3,000 to $6,000	As incurred	Immediately before, during and just after opening	Government agencies and utilities
Grand opening advertising and promotion[16]	$2,500 to $7,500	As incurred	Immediately before, during and 60 days after opening	Advertisers
Design/Layout[17]	$2,500 to $7,500	As required by vendor	Before opening	Designated vendor
Additional funds – 1st 3 months[18]	$20,000 to $80,000	As incurred	After opening	Employees, landlord, and other suppliers
TOTAL[18]	**$228,750 to $869,000**			

Notes: Amounts paid to suppliers or third parties (other than us) may or may not be refundable, depending on the arrangement you make with the supplier.

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

(2) The initial equipment and technology fee is $6,500 per each BODYROK Pilates Machine to be ordered by you for your Outlet. You are required to have in operation at all times at the Outlet a minimum of ten (10) BODYROK Pilates Machines. You will not own the BODYROK Pilates Machines and will only be permitted to use the machines at your Outlet in accordance with and during the term of the Franchise Agreement.

(3) You are responsible for the costs to ship the BODYROK Pilates Machines to your Outlet. This amount will depend on where you are located and the then-current shipping fees.

(4) If we provide On-Site Opening Assistance, we charge a $3,000 fee for the on-site opening assistance we will provide for approximately 4 days. You must also pay all expenses incurred by us in connection with any such assistance, including, but not limited to, travel, transportation, meals and lodging expenses. We estimate such expenses to be approximately $0 - $3,000.

(5) These expenses represent your estimated travel and lodging costs for your general manager, key trainer, a principal equity owner and up to 4 instructors to attend our initial training program.

(6) All instructors have to attend BODYROK instructor training prior to teaching any BODYROK classes. There will be no additional fee charged for your Key Trainer and up to 4 more instructors to attend the instructor training part of the Initial Training. We will charge you a training fee of $1,500 per each additional instructor who attends our BODYROK instructor training offered at locations designated by us, and you will be responsible for your trainees' travel, lodging, meal expenses. If you request on-site BODYROK instructor training at your Outlet, and we agree, we will charge you a training fee of $3,000, plus our travel, lodging and meal expenses. For any on-site training, we may, in its discretion, require you to pay a reasonable deposit for our travel, lodging and meal expenses before booking travel. This estimate contemplates that 2 additional instructors will attend BODYROK instructor training either at our designated location or at your Outlet.

(7) You will need to rent a suitable retail site for your Outlet (with a minimum area size of 1,500 square feet) and the rent or lease deposit amount will vary depending on the location. Real property lease costs vary considerably according to the type of premises, fair market values in your area, your real estate interest (leasehold or ownership), location, and whether you or your landlord develops the location. Your costs can vary depending on the size of the site and municipal requirements. Although we do not recommend it, some leases may obligate the tenant to pay the landlord an additional "percentage rent" amount, equal to the amount by which the rent per square foot is exceeded by a percentage of gross sales. Leases are usually "triple net," requiring the tenant to reimburse the landlord for all of the landlord's costs of operation. These triple net costs and Common Area Maintenance (CAM) charges are determined by negotiation between you and the landlord and will vary from location to location. This estimated range for a real property lease considers the costs of the first month's rent, a security deposit and advance rent (or, 3 months of rental costs) that most landlords require their tenants to provide upon execution of the lease. We strongly suggest that you seek the advice of a real estate professional familiar with the market in which you will be located and the relevant laws.

(8) The high end estimate assumes you pay the entire cost of construction with no tenant improvement allowance or contribution by the landlord for construction. It also assumes the premises are delivered with four bare walls and a ceiling, electric in place, gas in place, an HVAC system in place, and that non-union labor will be employed. If the premises are not so delivered, these costs may substantially increase, and if union labor is used, these costs may additionally increase.

(9) You must obtain from our designated vendors or approved suppliers related equipment, such as weights and other related Pilates accessories, and proprietary items necessary for you to provide BODYROK Services and Products to your customers as specified in the Confidential Operations Manual or other written guidelines we provide you, with delivery scheduled for not later than two business days before the Opening Date.

(10) This estimate includes the cost of our required point-of-sale system, a business computer, printer, printed materials (such as business cards and brochures), referral gifts and promotional items, our equipment package, which includes, but is not limited to, the sound system, microphones, lighting, projectors, and security cameras, as well as the estimated cost of operational materials (towels, uniforms, invoices, brochures and other printed materials).

(11) The quantity, size, type and cost of signs will vary substantially per lease space and in accordance to stipulations of each landlord and local governmental regulations. These estimates include the average filing fees for obtaining the necessary sign permits.

(12) As an independently owned and operated franchisee, you are responsible for all costs or liabilities arising from the operation of your Outlet, and it is imperative you carry adequate insurance to protect yourself. You must obtain the insurance coverage required by the Franchise Agreement from a carrier with a rating of "A VII" or better by A. M. Best Company. The currently required minimum coverage and limits of insurance are (i) General Liability at minimum limits of $1,000,000 per occurrence and $3,000,000 annual aggregate and (ii) workers' compensation insurance to meet the statutory coverage of the state where your Outlet is located. To the extent permissible under law, these insurance requirements may be satisfied with a combination of primary, umbrella or excess policies. All insurance policies will name you as named insured and (excepting Workers' Compensation policies) must name us and any of our subsidiaries and affiliates of these companies now existing or which may hereafter exist as additional insureds, including their employees, officers and directors on additional insured endorsement forms. The costs of premiums will vary based on location of the Outlet and any prior claim history. The required coverage and limits are subject to change.

(13) This includes professional legal and accounting fees to review the franchise and set up the Outlet. Legal and accounting fees will vary considerably.

(14) This refers to the initial inventory of authorized fitness related merchandise and products to be sold in the Outlet and other items of merchandise and supplies you must stock in order to open for business.

(15) This includes security deposits, utility deposits, business licenses and other prepaid expenses.

(16) You must spend or provide promotional discounts equaling at least $2,500 within first 60 days to build local customer awareness of your Outlet. Recommendations on how to promote the grand opening of your Outlet will be provided by us, including promotional ideas, sample advertising copy and flier design.

(17) This estimate is for the initial design fee you must pay to our designated vendor for design services for your Outlet.

(18) Although we do not require minimum funds for you to start your business, there are some expenses you will incur when you begin your franchise operations, such as inventory, supplies and employees. It is always a good idea to have some cash reserves available to cover initial operating expenses. This estimates the additional funds you will need for your first three months of operation. These expenses include payroll costs, but does not include any allowance for an owner's draw. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. Additional working capital may be needed beyond the initial 3-month period. In addition, we recommend that you have sufficient additional funds available to cover your personal living expenses for a period of no less than 6 months.

(19) This estimates your initial startup expenses. Although we cannot assure you this will happen, if you do not open for business, you may receive a refund from suppliers for unused inventory, unspent advertising and canceled insurance. Otherwise, the payments listed in the table above are likely nonrefundable. We do not finance any part of the initial investment. We relied on the years of experience of our Managers (more than 35 years), as well as opening 12 corporate locations, in determining these figures. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

AREA DEVELOPMENT AGREEMENT

Type of expenditure	**Amount**	**Method of payment**	**When due**	**To whom payment is to be made**
Development Fee[1]	$80,000 to $75,000	Lump sum	When you sign the Area Development Agreement.	Us
TOTAL for first Outlet if you sign an ADA for 3 Outlets	**$263,750** to **$904,000**			
TOTAL for first Outlet if you sign an ADA for 2 Outlets	**$268,750** to **$909,000**			

1. The Development Fee will be stated in your ADA before you sign it and will be (i) $75,000 if you purchase the right to open three Outlets, or (ii) $80,000 if you purchase the right to open two Outlets. If you sign an Area Development Agreement, we estimate that the total initial investment necessary for the first Outlet if you sign an Area Development Agreement for 3 BODYROK outlets is $263,750 to $904,000, which is the total set forth in the Estimated Initial Investment Chart listed above, except that this estimate includes the $75,000 Development Fee instead of the $40,000 Initial Franchise Fee. We estimate that the total initial investment necessary for the first Outlet if you sign an Area Development Agreement for 2 BODYROK outlets is $268,750 to $909,000, which is the total set forth in the Estimated

Initial Investment Chart listed above, except that this estimate includes the $80,000 Development Fee instead of the $40,000 Initial Franchise Fee. The Development Fee is non-refundable.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help assure a uniform image and uniform quality of products and services in all BODYROK Outlets, you must maintain and strictly comply with our quality standards. We require you to obtain the BODYROK Pilates Machines from us and/or our affiliate. We require you to purchase certain fixtures, equipment, music subscriptions, supplies and other products and services from our designated vendors or third party vendors we approve. We require you to purchase other products, equipment and services by brand name or specification, or from vendors of your choice. These products, vendors and specifications are identified periodically in the Operating Manual, or in notices from us, but may be changed or modified from time to time as we deem necessary.

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

You must use the MINDBODY point-of-sale ("POS") system with integrated operational software, or other POS system and software we later designate or approve (see section 8.4 of the Franchise Agreement). You must also purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Manual or otherwise by us in writing for use in connection with the Outlet (the "Computer System").

You must purchase signage and other items bearing our trademarks (including logoed apparel, ball caps, towels and printed materials), stereo system, lighting and security equipment only from our designated vendors.

You must also obtain design services for the design of your Outlet and shipping services for the shipment of our required BODYROK Pilates Machines only from our designated vendors.

In addition, you must use in the development and operation of your Outlet those fixtures, items of fitness equipment, fitness accessories and merchandise, storage equipment, storefront, fixtures and supplies that we have approved as meeting our specifications and standards for appearance, function, design, quality and performance. You must purchase these items from our approved and/or designated vendors. You must place or display at the premises of your Outlet (interior and exterior) only such signs, emblems, lettering, logos, and display materials that we approve in writing.

You must also join and pay the annual music licensing fees due to ASCAP.

Franchisor or its Affiliates Acting as Approved Suppliers

Except for providing you the BODYROK Pilates Machines for use in accordance with the terms of the Franchise Agreement, we are not currently an approved supplier to BODYROK franchisees. You must use our proprietary BODYROK Pilates Machines, playlists and digital content we provide in your Outlet. Currently, you must purchase fitness accessories and merchandise, audio/visual equipment, signs, lighting systems, our required POS system, and other products that are used at the Outlet only from required or approved suppliers. You must only use us or an approved vendor to repair the BODYROK Pilates Machines at your cost. You will receive a list of required and approved suppliers at initial training and through later updates to this list by e-mail.

There are no suppliers in which any of our officers owns an interest.

Approved Suppliers and Approval of Alternative Suppliers

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

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

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

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

Issuance of Specifications and Standards

We issue specifications and standards regarding authorized BODYROK Services and Products to our franchisees through the Manual, by other communications in writing or by email. We also issue specifications and standards regarding authorized BODYROK Services and Products to our designated and approved suppliers in writing or by email. We may modify these specifications and standards at any time but only after delivering written notification of the modifications and providing its franchisees or suppliers a reasonable amount of time to implement the modifications.

Revenue from Franchisee Purchases

During 2023, our affiliate, Exercise Technologies, L.P., received $226,289 from franchisees' purchases of BODYROK Pilates Machines. We (or our affiliate) no longer sell our BODYROK Pilates Machines to franchisees, but made exceptions for a few franchisees in 2023 that were already in the system and opening new Outlets. You will not own the BODYROK Pilates Machines and will only be permitted to use the machines at your Outlet in accordance with and during the term of the Franchise Agreement.

Neither we nor any affiliates receive any revenues, rebates or other consideration from suppliers based on required purchases or leases by BODYROK franchisees. However, we and our affiliates reserve the right to receive rebates or other benefits based on purchases by franchisees, which we may retain for ourselves and/or themselves and for our and/or their benefit alone, in our sole discretion.

We further reserve the right to require franchisees to purchase the BODYROK Pilates Machines and/or other proprietary products or services from us, our affiliates or designated suppliers.

Purchases from us, designated vendors and approved suppliers in establishing your Outlet will range from 25% to 45% of your total initial investment, and in operating your Outlet will range from 0% to 5% of your total monthly expenses.

Cooperatives

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

Negotiated Purchase Arrangements

We do not negotiate purchase agreements with suppliers for the benefit of BODYROK franchisees, although we may do so in the future.

Material Benefits Based on Franchisee Purchases

We do not provide any material benefits based on your purchase of specific products or services or your use of specific suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in franchise agreement	Section in area development agreement	Disclosure document item
a.	Site selection and acquisition/lease	7.1, 7.2	Exhibit 1	6,11
b.	Pre-opening purchases/leases	7.2, 7.3	2.2	8
c.	Site development and other pre-opening requirements	7.1, 7.2	2.1, Exhibit 1	6, 7, 11
d.	Initial and ongoing training	6.1-6.5	Not applicable	11
e.	Opening	3.3, 7.2, 7.3	2.1, Exhibit 1	11
f.	Fees	4.1-4.10, 12.2(c)(vii)	3.1, 3.2	5, 6
g.	Compliance with standards and policies/ operating manual	8.1-8.3	Not applicable	11
h.	Trademarks and proprietary information	8.8, 9.1-9.5	5.2	13,14
i.	Restrictions on products/services offered	3.2, 3.4, 8.1, 8.3, 8.13	1.1, 1.4, 1.5	16
j.	Warranty and customer service requirements	8.1(n), 6.1(c)	Not applicable	11
k.	Territorial development and sales quotas	3.3	1.1, 1.2, 1.5, 2.4, Exhibit 1	12
l.	Ongoing product/service purchases	7.3	Not applicable	8
m.	Maintenance, appearance and remodeling requirements	5.2(f), 7.2, 8.5	Not applicable	11
n.	Insurance	8.10	Not applicable	6, 8
o.	Advertising	4.3, 7.4, 8.8, 8.13, 10.4	5.2	6,11
p.	Indemnification	16.2	Not applicable	6
q.	Owner's participation/management/staffing	6.1-6.4, 8.1(a), 12.6	4.1	11,15
r.	Records and reports	8.7, 8.11(b), 18.2(b)	Not applicable	6
s.	Inspections and audits	5.2(e), 8.7(e), 8.11	Not applicable	6,11
t.	Transfer	12.1-12.7	4.1, 4.2	17
u.	Renewal	5.2, 5.3	Not applicable	17
v.	Post-termination obligations	11.2, 15.1, 15.2	6.2	17

	Obligation	Section in franchise agreement	Section in area development agreement	Disclosure document item
w.	Non-competition covenants	11.1-11.3	5.1, 5.2	17
x.	Dispute resolution	14.1-14.5	7.1-7.5	17
y.	Compliance with anti-terrorism and other federal laws	16.12	Not applicable	Not applicable

ITEM 10: FINANCING

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

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

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

Our Pre-Opening Obligations

Before you open your business, we will:

(1) Provide you with initial training and orientation in the BODYROK system and how to operate the Outlet (see section 6.1 of the Franchise Agreement and the Training Program described below in this Item 11). You must successfully complete initial training to our satisfaction before you can open your Outlet.

(2) Designate your franchised and protected territory (see section 3.1 and Exhibit 1 of the Franchise Agreement).

(3) Provide you with a suggested plan for the layout; furnishing and equipping of your Outlet (see section 7.2 of the Franchise Agreement).

(4) Review and either approve or disapprove of the proposed site for your Outlet (see section 7.2 of the Franchise Agreement). If we do not communicate our approval to or disapproval of the proposed site for your Outlet within 15 days following receipt all the information we may request to evaluate your proposed location, the location will be deemed approved. If we disapprove, you must promptly propose an alternative location. If within 120 days after the effective date of the Franchise Agreement, you have not located a site for the Outlet that we approve, we may terminate the Franchise Agreement without providing you any opportunity to cure. The factors that we consider in approving a site for the Outlet include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease or rental terms. We do not typically own and lease to you the premises on which the Outlet will be located.

(5) Provide you with a copy of the Manual (see section 8.2 of the Franchise Agreement).

Length of Time to Open the Outlet

We estimate the typical length of time between the signing of the Franchise Agreement and the opening of your Outlet will be approximately 180 days. Factors that may affect this time period include the satisfactory completion of initial training by your designated attendees, location of an acceptable site, ability to obtain an appropriate lease, financing arrangements, compliance with zoning and local ordinances, weather conditions, shortages, the contractor's ability to complete construction of the Outlet, and delivery and installation of equipment, fixtures and signs. If you have not commenced operation of the Outlet within 365 days from the effective date of the Franchise Agreement, we may terminate the Franchise Agreement without providing you any opportunity to cure.

If you execute an ADA, the additional Outlets must be opened as follows: the first Outlet must open within 12 months from the date of the ADA; the second Outlet must open within 24 months from the date of the ADA; and the third Outlet must open within 36 months from the date of the ADA. If you fail to comply with the development schedule of the ADA, we may terminate the ADA without any liability to us.

Our Obligations during the Operation of the Franchise

During the operation of the franchised business, we will:

(1) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within fifteen days of receipt. If we do not respond in 15 days, the material is approved (see section 10.4 of the Franchise Agreement).

(2) Provide you with access to, and integrate information about your Outlet into, the BODYROK website (see section 6.3(a) of the Franchise Agreement).

During the operation of the franchised business, we may:

(1) Furnish you with assistance in connection with the operation of the Outlet as we may from time to time deem appropriate in our sole discretion. We may, but are not required to, provide this assistance in person, by telephone, e-mail or through other means as we deem appropriate. Timing will depend on the availability of our personnel (see section 6.3 of the Franchise Agreement). We do not provide you with assistance in hiring, supervising or discharging employees, nor do we provide any advice on employment law or regulations, except to strongly recommend you engage the services of an attorney competent to advise you on employment law matters in your state.

(2) Visit you periodically to you to provide additional sales and administrative review and assistance. If we require this assistance, we will not charge you a training fee. But if you directly ask for this assistance, or it is optional training and assistance you request, we may charge you a training fee of up to $750 per day. Any time we provide you with on-premises assistance, you must reimburse us for the cost of transportation and lodging for our trainers or representatives (see section 6.23 of the Franchise Agreement).

(3) Conduct a system-wide mandatory meeting (or annual convention) not more than once a year (usually held in California, but typically no more than three days in duration). Attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your General Manager and other Principal Equity Owners). You must pay the cost of travel, hotel and meal expenses for your attendees at these mandatory meetings (see section 6.4 of the Franchise Agreement).

(4) Recommend retail prices for specific BODYROK Services and Products and other products and services we authorize for sale at your Outlet (to enhance uniformity in the delivery of goods and services to retail customers by our franchises and the strength of our Marks in inter-brand competition), and if we do so, you may not advertise or promote (whether by telephone, printed materials or any other media, including, without limitation, social media) retail prices that are inconsistent with these recommended prices (see section 8.1(c) of the Franchise Agreement).

Advertising Program for the Franchise System

Beginning on the opening date of your Outlet, you must pay us a monthly Marketing and Promotion Fee of not more than 2% of your monthly Gross Revenues (section 4.3(a) of the Franchise Agreement). Currently, the monthly Marketing and Promotion Fee is 1% of your Gross Revenues. Marketing and Promotion Fees are due and payable monthly on the third business day of the month following the month in which applicable Gross Revenues were received.

We have no obligation to make expenditures for advertising or promotions for the benefit of you which are in anyway equivalent or proportionate to your contributions, or to ensure that any particular franchisee benefits directly or on a pro rata basis from the placement of advertising or to ensure that any advertising impacts or penetrates your Territory at any level. Marketing and Promotion Fees collected from BODYROK franchisees will be spent for national, regional and local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the marks and general recognition and acceptance thereof. We will direct all such advertising, public relations and promotional campaigns or programs with sole control over the strategic direction, creative concepts, materials and media used in the programs, and the geographic, market and media placement and allocation of advertising. We will determine, in our sole discretion, the cost, form or media, content, format, production and timing, including regional or local concentration and seasonal exposure, location and all other matters involving advertising, public relations and promotional campaigns. We will be entitled to a 15% administrative fee from the Marketing and Promotion Fees collected each fiscal year. (Section 10.1, Franchise Agreement)

Marketing and Promotion Fees may but are not required to be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or localized advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities), public relations, promotional campaigns or programs, and employing advertising and promotional agencies or other advisors, including in-house employees or independent contractors, to assist in or perform advertising, marketing and/or promotional related activities; paying interest on monies borrowed from Marketing and Promotion Fees from third parties unaffiliated with us; providing customer service comment cards to BODYROK Outlets; paying for the cost of maintaining, administering, directing and preparing secret shopper initiatives and rewards programs; market research, market studies and customer satisfaction surveys, including the use of secret shoppers; website, extranet and/or Intranet development, implementation and maintenance; development, implementation and maintenance of a website that permits electronic commerce, reservation system and/or related strategies; public relations and community involvement activities and programs; stadium promotion marketing fees; purchasing artwork and other components for advertising; conducting market research; creative development, preparation, production and placement of video, audio and written materials, electronic media and other marketing or promotional materials; sponsorship of sporting, charitable or other special promotional events, if we choose to do so at our sole discretion; and any reasonable administrative costs and overhead that we may incur in activities reasonably related to the administration of Marketing and Promotion Fees or direction of advertising programs, including, without limitation, bank fees; collecting and accounting for assessments for Marketing and Promotion Fees; and, other costs and overhead we incur. We intend to use the Internet (including our website), social media and targeted print media (and in the future, local radio and television) in our advertising efforts, but we reserve the right to use other media to market and promote the Brand. We will be using in-house advertising personnel to do this, and we may hire advertising and public relations firms to assist us in these efforts.

BODYROK retail outlets owned by entities affiliated with us will contribute Marketing and Promotion Fees at the same rate that BODYROK franchisees do.

We expect to expend most Marketing and Promotion Fee contributions, less the 15% administrative fee, for advertising purposes during the fiscal year when the contributions are made. If we expend less than the total sum during any fiscal year, we may either expend the unused sum during the following fiscal year or roll it over to be used at the appropriate time as determined by us. If we expend an amount greater than the amount collected in any fiscal year (not including any sum required to be expended because we did not expend all the sums during the preceding year), we will be entitled to reimburse ourself from contributions made during the next fiscal year or thereafter for all excess expenditures made during the preceding fiscal year.

If you send us a written request, we will provide you with an accounting of the expenditures of Marketing and Promotion Fees during the last fiscal year within a reasonable time after we receive your request, but never earlier than 45 days from when such information is made available.

During the fiscal year of 2023, we used the marketing funds as follows: 61% for production; 11% for placement on Google and social media platforms; and 28% for our marketing manager.

You may develop advertising materials for your own use, at your own cost. But we must approve all advertising materials in advance and in writing. You may only use advertising, marketing, identification and promotional materials and programs which we have either furnished to you or approved in writing in advance. In the event that we do not furnish you with advertising, identification and promotional materials and programs for your Outlet, you must obtain our prior written approval of all proposed advertising, marketing, identification and promotional materials or programs before any such materials are used or disseminated, following the required procedures set forth by us in the Manual or otherwise. Our approval of any materials may be withheld for any or no reason. If we do not respond within 15 days following its documented receipt of your proposed advertising material, this will constitute approval.

You must use the BODYROK website and any other Internet or social media sites only as specifically authorized by us in the Manual or otherwise in writing to market the Outlet. You may not, without our prior written consent, which we may withhold for any or no reason (i) establish an independent website or social networking media outlet, account or page dedicated to marketing the Outlet, or (ii) register an Internet domain or social networking media outlet, account or page name using any of the marks. If we consent to any Internet or other electronic medium advertising, then you may only advertise, market and promote the Outlet and use or display the marks in the manner and under the standards and procedures set forth in the Manual or as stated elsewhere in writing. In addition, if we consent to your establishment of a social media account on any social media site (including, YouTube, Twitter, Instagram, Facebook, Blogger, LinkedIn, Flickr, Tik Tok, Tripadvisor, Wikipedia, Yelp or other communication or social media platforms) to advertise and promote the Outlet, then you must operate and maintain the account and site in accordance with our standards and procedures as set forth in the Manual or elsewhere in writing . You must add us as an account administrator with full and unlimited access to control the content displayed, published or posted on such sites and, upon request, shall provide us with your current account IDs, usernames and passwords. Upon the expiration or termination of the Franchise Agreement, we have the right to permanently close, delete, take exclusive control over, or transfer any social media accounts that you establish to market, advertise and promote your Outlet. (Section 8.13, Franchise Agreement)

You also cannot, without our prior written approval, use, participate in or offer any classes or other BODYROK services and related products on any third party fitness platforms including, but not limited to, ClassPass, Jet Sweat, NetGyms, Slack, FitGrid, etc). You cannot use Mailchimp or any similar marketing platform or email marketing service without our prior written approval (Section 8.13, Franchise Agreement)

You grant us the right to use the name, image and likeness of you, all Principal Equity Owners and any of your affected employees, for commercial purposes in connection with the marketing and promotion of the Brand, BODYROK Services and Products, any BODYROK Outlet and the BODYROK system. (See section 9.1(d) of the Franchise Agreement.)

We may also be working with third party promotional and client aggregation companies to develop new clients for BODYROK franchisees. If we do so, you must participate in these programs.

We do not yet have a franchisee council that advises us on advertising policies.

You are not presently required to participate in any local or regional advertising cooperative, but we may require you to do so in the future at our sole discretion. If we do, our franchisees will be required to contribute not more than 2% of their monthly Gross Revenues, based on the decision of a majority vote among its members. Such amount will be in addition to Marketing and Promotion Fees. Affiliate owned outlets may participate in and contribute to the cooperative on the same basis as franchisees. Membership in the cooperative will be defined as one group and one vote per franchisee, regardless of how many store units owned by a particular franchisee. The cooperative will be administered pursuant to By-Laws and by us. The cooperative would have to prepare such periodic financial statements as required by us and would be available for review by franchisees upon request. We will have the power to form, change, dissolve or merge cooperatives, if established.

We require that you spend or provide promotional discounts equaling at least $2,500 on the Grand Opening Advertising and promotion of your Franchised Business within the first 60 days after your Outlet opens (see section 4.3(c) of the Franchise Agreement). We do not require you to spend additional amounts on local marketing, advertising and promotion of your Outlet, but we encourage you to do so, using marketing and promotional materials pre-approved or otherwise authorized in writing by us (see section 4.3(d) of the Franchise Agreement).

On a national or regional basis, we may impose an additional assessment on all affected BODYROK franchisees for special advertising or promotional activities if two-thirds of all affected franchised Outlets agree to this additional assessment, confirmed in writing by each franchisee (see section 4.3(e) of the Franchise Agreement).

Marketing and Promotion Fees are primarily used to promote the BODYROK system and retail sales at BODYROK retail outlets. We do not intend for Marketing and Promotion Fees to be used on advertising that is principally for the solicitation of the sale of franchises, but we may reference on any materials paid by Marketing and Promotion Fees that franchising information is available or include information regarding acquiring a franchise.

Electronic Cash Registers and Computer Requirements

You must use a MINDBODY point-of-sale (“POS”) system with integrated operational software, or other POS system and software we later designate or approve (see section 8.4 of the Franchise Agreement). The monthly fee for our current POS system is approximately $300 per month. We have no other obligation to provide or to assist you in obtaining the POS system. You will use your POS system to complete point-of-sale transactions and track and manage your daily income, create accounts for customers, track lead information and schedule appointments. We will have independent access to your POS system and other revenue generating systems you use that are operated by outside vendors (such as Classpass), and there are no contractual limits on our independent access to the information and data stored on your POS system. We own all customer data and information that is stored in the POS System. Upon 90 days written notice, we may require you to update, upgrade or replace the POS System, including hardware or software, but you will not be required to replace the POS system any more frequently than once every three years.

You must also purchase, use and maintain a Computer System (including other related hardware and software as specified in the Manual or otherwise by us) in writing for use in connection with the Outlet. And we require you to maintain an e-mail account and always connect the Computer System to a dedicated telephone line (or other communications medium that we specify) capable of accessing the Internet via a third-party network we designate in the Manual or otherwise in writing. You are responsible for all ongoing maintenance and repairs and upgrades to the Computer System. We estimate the annual cost for you to provide maintenance, repairs or updates to the Computer System will not exceed $400. We may require you to update or replace the Computer System upon 30 days written notice, but you will not be required to replace the Computer System any more frequently than once every three years. You must allow us or our designated affiliate, to access the Computer System on a daily or other basis at such times and in such manner as established by us or our designated affiliate, with or without notice, and to retrieve such transaction information including sales, sales mix, usage and other operations data as we or our designated affiliate deems appropriate. You must always have and maintain adequate anti-virus software in any computer you use to communicate with us directly or through our master web site (see section 8.4(b) of the Franchise Agreement).

The current cost of purchasing or leasing the computer hardware and software systems we presently require is approximately $2,500 to $7,500.

Operations Manual

We will provide you with a copy of our confidential Manual, which contains a total of 100 pages (see section 8.2 of the Franchise Agreement), and other proprietary systems manuals. The Manual contains mandatory and suggested specifications, standards and procedures for operation of your Outlet.

We may periodically modify the Manual, and you must comply with any changes when you receive them. The Manual and all proprietary systems manuals are confidential and remain our property. If you lose the Manual or other proprietary systems manuals, or allow unauthorized access to or duplication of the Manual or any other confidential manuals or proprietary materials loaned to you by us, in addition to other damages we may be entitled to, you will be deemed to be violation of the Franchise Agreement and all other agreements you have with us (see section 8.2(c) of the Franchise Agreement).

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

Topic	**Number of Pages**
Section 1 - Introduction	1
Section 2 – Vision Statement and Core Values – *Our Philosophy*	4
Section 3 – Pre-Opening Procedures	9
Section 4 – Licenses, Permits & Insurance	4
Section 5 – Required Equipment	3
Section 6 – Human Resources	17
Section 7 – Just Prior to Opening	14
Section 8 – Closing the Sale	4
Section 9 – The Greatest Workout	6
Section 10 – Studio Policies & Operations	9
Section 11 – Accounting, Reports & Records	2
Section 12 - Trademarks and Logos	6
Section 13 - Graphic Standards	3
Section 14 - Approved Suppliers	2
Section 15 - Appendix	16
Total Pages	**100**

Training

The initial training program will consist, generally, of two parts. The operations training will be approximately 4 days, which your General Manager and at least one of your Principal Equity Owners must attend. The instructor training will be approximately 4 days, which your Key Trainer and up to 4 more instructors and at least one of your Principal Equity Owners must attend. You cannot open and operate your Outlet until your General Manager and Key Trainer have satisfactorily completed Initial

Training. Only we may determine whether Franchisee's General Manager and Key Trainer satisfactorily completes Initial Training.

TRAINING PROGRAM

(Operations Training)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Day 1 – BODYROK Overview Personal Introduction BODYROK Method Mindbody Overview Pricing Overview	8	8	San Francisco, California, New York, New York, or other location designated by us.
Day 2 – Shadow Shift Mindbody contracts & building packages and schedules Company reports/policies	8	8	San Francisco, California, New York, New York, or other location designated by us.
Day 3 – Live in-studio management training	8	8	San Francisco, California, New York, New York, or other location designated by us.
Day 4 – Live in-studio management training	8	8	San Francisco, California, New York, New York, or other location designated by us.

(Instructor Training)

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Day 1 – BODYROK Overview Personal Introduction BODYROK Method Core	5	5	San Francisco, California, New York, New York, or other location designated by us.
Day 2 – Obliques Lower Body	5	5	San Francisco, California, New York, New York, or other location designated by us.
Day 3 – Upper Body Cardio	5	5	San Francisco, California, New York, New York, or other location designated by us.
Day 4 – Written Test Practicum	5	5	San Francisco, California, New York, New York, or other location designated by us.

Initial training is typically provided within 30 days before your Outlet opens and is scheduled as necessary (but no more frequently than monthly). All classroom training takes place in San Francisco, California, New York, New York, or another training center we designate. All on-the-job training takes place in a BODYROK operating Outlet in or near San Francisco, California or New York, New York.

The instructional material consists of appropriate handouts and may include information directly from the Manual. Currently, our principal instructor is Katie Panas, who has been with us since our inception in March 2021, and who has over 12 years of experience in the subject matters she teaches. The principal instructor is sometimes assisted by our operations staff and other BODYROK employees.

We do not charge for this training or service for the designated General Manager, Key Trainer, up to 4 more instructors, and your Principal Equity Owners. But you must pay all travel and living expenses of persons you send to training. All instructors have to attend BODYROK instructional training prior to teaching any BODYROK classes. There will be no additional fee charged for Franchisee's Key Trainer and up to 4 more instructors to attend the instructor training part of the Initial Training.

The successful completion of initial training by your designated General Manager and Key Trainer is a condition to your opening of an Outlet to the public. Unless there are extenuating circumstances that in our reasonable determination justify a delay, your required trainees must attend the next Initial Training that we offer. The failure of your designated General Manager, Key Trainer and at least one Principal Equity Owner to successfully complete the training may result in the termination of your Franchise Agreement; provided however that if your designated General Manager, Key Trainer or Principal Equity Owner fails to complete initial training satisfactorily, you will have the option of sending a replacement approved by us to initial training. We will issue a Certificate of Completion (may be done electronically) upon successful completion at the conclusion of the training.

In connection with the opening of the Outlet, we may provide you with On-Site Opening Assistance for a period of approximately 4 days. Whether we provide On-Site Opening Assistance, and the duration and timing of any such On-Site Opening Assistance, will be determined by us based on your operating experience and abilities, in our sole judgment. You must pay a fee of $3,000 for such On-Site Opening Assistance at least 30 days prior to the anticipated opening and shall also pay all expenses incurred by us in connection with the on-site training, including, but not limited to, travel, transportation, meals and lodging expenses. We will not be obligated to provide any additional on-site training or assistance, but if we elect to do so, we may impose a fee of $750 per day. You must also pay all our expenses incurred in connection with the on-site training, including, but not limited to, travel, transportation, meals and lodging expenses.

We may require participation of your designated personnel at training courses, seminars, conferences or other programs and/or make optional courses, seminars and conferences or other programs available. We may charge up to $750 per day for such courses, seminars, conferences or programs.

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location (section 6.4 of the Franchise Agreement). Attendance of at least one Principal Equity Owner at these meetings will be mandatory (and is highly recommended for your General Manager and all other Principal Equity Owners).

You must pay all the expenses incurred by your trainees who attend the Initial Training Program and any other training, conferences, conventions or other meetings, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (sections 6.1(e), 6.3(f) and 6.4 of the Franchise Agreement).

ITEM 12: TERRITORY

You will receive an exclusive territory ("Territory") within a defined area surrounding your Outlet based on population density (typically varying from one-quarter mile in densely populated urban areas to two miles in rural areas) as determined by us and as specified in Exhibit 1 to your Franchise Agreement. By "exclusive" Territory we mean that so long as you continue to fulfill your material obligations under your Franchise Agreement (as reasonably determined by us), we will not grant a BODYROK franchise to any other person nor we will or any of our affiliates operate a BODYROK Outlet within your Territory. You may face competition for customers from other BODYROK outlets located near your Territory, or from other channels of distribution for BODYROK Services and Products, or from competitive brands that we control.

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

If you execute an ADA, you will be granted an exclusive (so long as the ADA is in effect) right to open 2 or 3 Outlets under the following development schedule: the first Outlet must open within 12 months from the date of the ADA; the second Outlet must open within 24 months from the date of the ADA; and the third Outlet must open within 36 months from the date of the ADA. You must enter into a separate Franchise Agreement for each Outlet you open under the ADA, and these agreements will grant a separate franchise Territory within a defined area surrounding each Outlet. Otherwise, we do not grant you options or rights of first refusal to open additional Outlets, and you may not open additional BODYROK businesses or engage in activities that are equivalent to the franchised business outside the Territory.

We reserve the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to us, without necessarily granting you any rights in those systems, and to operate or grant others the right to operate such systems within your Territory. We reserve all rights to market and sell BODYROK Services and Products under our principal trademarks or different trademarks at venues other than Outlets and through other channels of distribution, including the Internet and through applications, within your Territory and anywhere else. We are not required to pay you compensation for soliciting or accepting orders in your Territory through other channels of distribution. We also reserve the right to acquire (or be acquired by) or merge or affiliate with, or engage in any transaction with, other businesses (whether competitive or not), with outlets located anywhere. Such transactions may include, without limitation, arrangements involving competing outlets and brand conversions (to or from the BODYROK marks and system), and you must participate at its expense in any conversion that we require for such purpose.

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

You may not offer or sell BODYROK Services and Products directly or indirectly through the Internet, except as authorized by us in the Manual or otherwise in writing. We will publish all website content and we may provide you with a presence on our master web site (www.bodyrok.com) and if we do this, you must participate in this web site. We will maintain the “Uniform Resource Locator” (or “URL”) and you may never own any Internet domain name that contains any of the Marks. Under no circumstances are you authorized to establish your own personal website for the purpose of advertising your Outlet or our principal trademarks.

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

The continuation of your rights to the franchised Territory does not depend on you attaining a minimum level of sales, revenues or market penetration, or another contingency.

The continuation of your exclusive rights to develop Outlets under the ADA does depend on your meeting the development schedule described in the ADA.

Neither the Territory granted by the Franchise Agreement nor the development area described in the ADA may be altered except if you and we mutually agree. You will maintain rights to your Territory and the development area described in the ADA even if the population in those geographic areas increases.

ITEM 13: TRADEMARKS

You are licensed to operate and identify the Outlet under the principal trademark "BODYROK" and logotype displayed on the cover of this disclosure document, and other current or future trademarks. The principal trademark "BODYROK" was registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"), by our affiliated entity Saints 7 LLC (and then assigned on April 15, 2019 to our affiliated entity Spartacus Lombard, LP) as follows: (i) class 32 (fruit drinks and fruit juices) on July 15, 2014, registration number 4569277, (ii) class 9 (digital media) on July 15, 2014, registration number 4569278, which was renewed on January 16, 2024, (iii) class 28 (body training apparatus) August 19, 2014, registration number 4589712, which was renewed on February 16, 2024, and (iv) class 38 (streaming of audio and video), registration number 4610612, on September 23, 2014, which was renewed on March 9, 2024. The application for renewal of registration no. 4569277 was filed on June 18, 2024.

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

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

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

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

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

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

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

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own rights in, or licenses to, patents or copyrights that are material to the franchise and you do not receive the right to use any item covered by a patent or copyright. However, we assert a common law copyright on the contents of the Manual and other proprietary systems manuals, and only you or your authorized employees can have access to and use the proprietary information in the Manual and other proprietary systems manuals. You must immediately notify us if you become aware of any infringement or inappropriate use of the Manual or other proprietary systems manuals. We will then take whatever action we deem appropriate, and will control any litigation, to protect our copyright in the Manual or other proprietary systems manuals. You will have no power, right or authority to settle or compromise any such claim, suit or demand by a third party or to intervene to stop misuse, without our prior written consent. We will defend, compromise or settle at our discretion any claim, suit or demand relating to our copyrights and take steps to stop misuse at our cost and expense, using attorneys selected by us or by the Owner of the Marks, and you agree to cooperate fully in such matters. If the infringement or inappropriate use results from your negligence or willful action, you must reimburse us all our expenses in protecting our copyright. Otherwise, we will indemnify you and hold you harmless from and against all judgments resulting from any claim, suit or demand arising from your authorized and use of the copyrights in accordance with the terms of the Franchise Agreement.

The Franchise Agreement provides that if you or your employees, agents and subcontractors or any other party who you may contract with create any materials containing or associated with the Marks, including artwork, graphics, layouts, slogans, domain names, other names, titles, text or similar materials, these will become the sole property of the Owner of the Marks, including copyrights.

We do not currently have any pending patent applications that are material to the franchise.

Our Proprietary Rights in Other Confidential Information

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

The Franchise Agreement grants us the right at any time to use the name, image and likeness of you and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, BODYROK Services and Products, any BODYROK Outlet and the BODYROK System, without any form of compensation or remuneration. Under the Franchise Agreement you also agree (i) to have any affected employee of yours who is not a Principal Equity Owner sign a release in the form contained in the Manual that authorizes us to also use the employee's name, image and likeness for the purposes described the preceding sentence, without compensation or remuneration, and (ii) to provide us with a copy of such signed release.

You must require your General Manager, instructors and any personnel having access to any of our confidential information, to execute the confidentiality agreement attached to the Franchise Agreement as Exhibit 4, which provides that they will maintain the confidentiality of information they receive in connection with their employment by you at the Outlet. The covenants must be in a form satisfactory to us, including, specific identification of us as a third-party beneficiary of the covenants, with the independent right to enforce them.

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

We are seeking franchisees whose principal owner plans to actively participate in the direct management and operation of your initial Outlet or has previous multi-unit operational experience (the principal owner is responsible for but need not directly operate additional Outlets opened under an ADA). Although a designated General Manager and Key Trainer must always be on duty while the Outlet is open, Principal Equity Owners are not required to personally participate in the direct “on premises” management and operation of the Outlet. Each Principal Equity Owner (and their spouse if applicable) signs a Guarantee of Franchise Agreement (attached as Exhibit 3 of the Franchise Agreement) requiring them to ensure that all obligations of the franchisee under the Franchise Agreement (including provisions related to payments to franchisor, confidentiality and non-competition) are fulfilled.

You must employ at least one designated General Manager and Key Trainer (if you are a sole proprietor, these could be you) who has successfully completed our initial training program. You must disclose the identity of the General Manager and Key Trainer to us and if he or she is for any reason no longer acting as General Manager or Key Trainer, you must notify us immediately and in writing. The General Manager and Key Trainer cannot have an interest or business relationship with any of our business competitors. The General Manager and Key Trainer must devote his/her full time during normal business hours to the management, operation and development of the Franchised Business at the Outlet. We do not require your General Manager or Key Trainer to have any ownership interest in your business, although he/she may do so. If the General Manager or Key Trainer is not a Principal Equity Owner of your franchisee entity, they may be required to sign a non-competition agreement like the non-competition agreement contained in your Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must confine your business to the operation of a BODYROK studio. You may not conduct any other business or activity at or from the Outlet premises.

You must offer and sell at your Outlet only BODYROK Services and Products and other goods and services that we designate as required for all franchisees or have approved.

We have the right to change and add other authorized goods and services that you will be required to offer. You may not offer or sell any product or service from the Outlet except those we authorize.

Except for applicable laws restricting discrimination against customers based on public policy, there are no restrictions on the customers to whom you may sell BODYROK Services and Products and other authorized services and products at your Outlet.

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	Section in area development agreement	Summary
a.	Length of the franchise term	5.1	1.3	The initial term of the Franchise Agreement is five years. The term of the ADA is until all Outlets have been opened under the Development Schedule.
b.	Renewal or extension of the term	5.2	Not Applicable	You can renew for 3 additional five-year terms upon written notice delivered to us not less than 120 days, but not more than 12 months, before the end of the existing term. However, we are not obligated to renew your Franchise if one or more of the conditions in section 5.2 of the Franchise Agreement apply to you. You have no right to renew the ADA.
c.	Requirements for franchisee to renew or extend	5.2	Not Applicable	Sign our then current Franchise Agreement modified for renewal ("Renewal Franchise Agreement") or an addendum to your existing Franchise Agreement extending its term and remodel your Outlet (if necessary). The Renewal Franchise Agreement may have materially different terms and conditions than your original Franchise Agreement. Pay the $2,500 renewal fee. Fully complied with the Franchise Agreement during the expiring term. Execute a general release. Maintain possession of premises. Satisfy all amounts due to us or our affiliates. You have no right to renew the ADA.
d.	Termination by franchisee	Not applicable	Not applicable	Not applicable.
e.	Termination by franchisor without cause	Not applicable	Not applicable	Not applicable.
f.	Termination by franchisor with cause	13.1 -13.11	6.1	We can terminate the Franchise Agreement only if you are in material breach (we cannot terminate the Franchise Agreement merely because we terminate an ADA that we executed with you or your affiliated entity). We can terminate the ADA if you (or your affiliated entity) fail to meet the Development Schedule, or you are in material breach of any Franchise Agreement that you (or your affiliated entity) executed with us.
g.	"Cause" defined – curable defaults	13.3	6.1	You have 30 days after notice to cure monetary defaults and other defaults under your Franchise Agreement (including defaults under

	Provision	Section in franchise agreement	Section in area development agreement	Summary
				a lease for your Outlet) and ADA that can be cured. If your franchise agreement is terminated by us for a material breach, we may, at our option, declare you in breach of all franchise agreements and other agreements between you and us, including the ADA, and terminate those agreements as well.
h.	"Cause" defined – non-curable defaults	13.2	Not Applicable	Non-curable defaults: your bankruptcy or insolvency; abandonment of the franchise; your making material misrepresentations relating to your acquisition of the Franchise or you engage in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System; you fail, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Franchise; after curing any default, you engage in the same noncompliance whether or not such noncompliance is corrected after notice; you fail to comply with any material requirements of the Franchise Agreement more than 2 times in any 12-month period, whether or not corrected after notice; the Franchised Business or your Outlet is seized, taken over, or foreclosed by a government official, creditor, lien holder or lessor, or that a final judgment against you remains unsatisfied for 30 days; you are convicted of a felony or any other criminal misconduct that is relevant to the operation of the Franchise or any other crime or offense we reasonably believe is related to your operation of the Outlet, or is likely to have an adverse effect on the System, the Marks, the goodwill or our interest in the System or Marks; you knowingly submit false books, records or reports or Gross Revenues are understated by 5% or more; we make a reasonable determination that your continued operation of the Franchise will result in an imminent danger to public health or safety; you fail to cure default under lease or lose possession of premises; you make a transfer in violation of the Franchise Agreement; you engage in fraud upon customers; you interfere with our contractual relations; you fail to complete the Initial Training; you fail to carry required insurance; you sell unapproved product; or you intentionally disclose confidential information or violate your non-compete obligations.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
i.	Franchisee's obligations on termination or non-renewal	15.1	6.1, 6.2	Obligations include removal of our Brand and other trademarks, return of all confidential and proprietary information and erasure of all copies of confidential and proprietary information, forwarding of telephone number and payment of amounts due (also see r, below). Provide us with your social media account information and return the Manual and any other training materials. Return to us the BODYROK Pilates Machines at your cost.
j.	Assignment of contract by franchisor	12.1	4.1(b)	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	12.2	4.1(a), 4.2	Under the Franchise Agreement, this includes transfer of contract or assets or ownership change. Under the ADA, no transfer is permitted except to an entity formed by an individual area developer to operate under the ADA provided the entity is owned 100% by the individual area developer.
l.	Franchisor's approval of transfer by franchisee	12.2	4.1	We have the right to approve all transfers of interest in the Franchise Agreement, the franchise or in franchisee.
m.	Conditions for franchisor approval of transfer	12.2	4.1	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, you are in good standing, and current agreement signed by new franchisee (see r. below). Within 60 days after our receipt of all necessary information and documentation required under the Franchise Agreement, or as specified by written agreement between us and you, we will notify you of the approval or disapproval of the proposed transfer of the Franchise by you.
n.	Franchisor's right of first refusal to acquire franchisee's business	12.3	Not Applicable	We can match any legitimate offer for your business, but we have no right of first refusal if the transfer is (i) between or among individuals (including their immediate family members) who have guaranteed obligations under a Small Business Administration loan or (ii) a transfer of less than 100% of the equity interest of a franchisee entity).

	Provision	Section in franchise agreement	Section in area development agreement	Summary
o.	Franchisor's option to purchase franchisee's business	15.3, 15.4	Not Applicable	We have the right to purchase all of the assets of your Outlet, including your leasehold interest, (i) if your Franchise Agreement terminates or expires without being renewed (for a price equal to the fair market value of your assets, except reusable inventory and apparel containing the Marks will be at your cost for said items); or (ii) if the controlling equity interest in our entity is transferred by private sale or as a result of an initial public offering any time after (A) you have been open and operating for 36 months or (B) the third anniversary of the Opening Date, if your Outlet had not then been open and operating for at least 36 months as of the date of transfer of the controlling equity interest of our entity, or sooner at your option (for a price equal to five times your earnings before interest, taxes, depreciation or amortization ("EBITDA") during the 12 months before we notify you we are exercising this purchase right, plus any prepayment penalties on loans you took out to start or operate your Outlet).
p.	Death or disability of franchisee	12.6	Not Applicable	Franchise must be assigned by estate to approved buyer within 270 days.
q.	Non-competition covenants during the term of the franchise	11.1, 11.3	5.1	Under the Franchise Agreement, you cannot be involved in any competing business anywhere during the term of the franchise without our prior written consent (which is at our sole discretion). Under the ADA, you must comply with the non-competition covenants contained in the last effective Franchise Agreement executed by you or your affiliated entity.
r.	Non-competition covenants after the franchise is terminated or expires	11.2, 11.3	5.1	No competing business for 2 years within 25 miles of your Outlet or any other BODYROK outlet (this obligation also applies to you if you assign your franchise). Under the ADA, you must comply with the non-competition covenants contained in the last effective Franchise Agreement executed by you or your affiliated entity.
s.	Modification of the agreement	8.2, 16.14(c)	9.2	No modifications to the Franchise Agreement or the ADA unless in writing signed by both parties. However, the Manual may be changed by us.
t.	Integration/merger clause	16.14	9.10	Only the terms of the Franchise Agreement and ADA are binding (subject to state and federal law). *Any representations or promises outside of the disclosure document, Franchise Agreement and ADA may not be enforceable*. Nothing in the Franchise Agreement, ADA or in any related agreement disclaims or is intended to disclaim representations made in this Franchise Disclosure Document.

	Provision	Section in franchise agreement	Section in area development agreement	Summary
u.	Dispute resolution by arbitration or mediation	14.1-14.5	7.1	The parties agree in the Franchise Agreement and the ADA to submit disputes (not including your failure to pay us sums due or an act of yours allowing us to immediately terminate the Franchise Agreement or if injunctive relief is sought) initially to a meeting in person of our executive officers and your Principal Equity Owners at our principal executive office (without our respective legal counsel) within five business days after a party requests this meeting to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If this meeting does not resolve the dispute (or the meeting does not occur), within 10 business days after the meeting takes place (or should have taken place), the parties may submit the dispute to a mutually acceptable mediator. If a mediation takes place but does not resolve the dispute or if no mediation occurs, the dispute will be resolved by arbitration before one arbitrator referred by JAMS, Inc. and selected by the parties in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its
u.	Dispute resolution by arbitration or mediation [continued]			Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more). Or if the parties mutually agree, the dispute may be submitted to arbitration conducted by another mutually agreeable arbitrator.
v.	Choice of forum	14.2(b), 14.3	7.1	Under the Franchise Agreement and the ADA, arbitration proceedings will take place before JAMS in St. Louis, Missouri (subject to applicable state law). Any mediation proceedings will take place at any mutually agreed location in St. Louis, Missouri, and any litigation proceedings will take place in an appropriate court in St. Louis County, Missouri (subject to applicable state law).
w.	Choice of law	16.13	9.1	The Federal Arbitration governs the arbitration of disputes under the Franchise Agreement and the ADA. Otherwise, the law of Missouri governs the Franchise Agreement and the ADA (subject to applicable state law).

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make 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 financial performance representations (other than as contained in this Item 19) 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 our Manager, Jake Irion, BODYROK Franchise USA, LP, 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105, (858) 212-9101; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	6	6	0
	2022	6	14	+8
	2023	14	18	+4
Company-Owned	2021	8	9	+1
	2022	9	9	0
	2023	9	12	+3
Total Outlets	**2021**	**14**	**15**	**+1**
	2022	**15**	**23**	**+8**
	2023	**23**	**30**	**+7**

Note: The Outlets in Tables 1, 3 and 4 refer to those franchised by our predecessor or operated by affiliates of our predecessor.

Table No. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2021 TO 2023

State	Year	Number of Transfers
California	2021	0
	2022	2
	2023	0
Totals	**2021**	**0**
	2022	**2**
	2023	**0**

Table No. 3
STATUS OF FRANCHISED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Termina-tions	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
California	2021	5	0	0	0	0	0	5
	2022	5	4	0	0	0	0	9
	2023	9	4	0	0	0	0	13
Florida	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Montana	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Totals	**2021**	**6**	**0**	**0**	**0**	**0**	**0**	**6**
	2022	**6**	**8**	**0**	**0**	**0**	**0**	**14**
	2023	**14**	**4**	**0**	**0**	**0**	**0**	**18**

Table No. 4
STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2021 TO 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
Illinois	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New York	2021	2	1	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	3	0	0	0	6
Totals	**2021**	**8**	**0**	**0**	**0**	**0**	**9**
	2022	**9**	**0**	**0**	**0**	**0**	**9**
	2023	**9**	**0**	**0**	**0**	**0**	**12**

Table No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	1	0
Arizona	1	1	0
California	7	2	0
Florida	1	2	0
Georgia	2	2	0
New Jersey	1	2	0
New York	0	0	2
North Carolina	2	1	0
South Carolina	1	1	0
Tennessee	2	2	0
Totals	**18**	**14**	**2**

Exhibit D lists, as of December 31, 2023, (i) the names, addresses and telephone numbers of all BODYROK franchised outlets (licensed by BRFLP) that are open and operating, (ii) the names and addresses of any BODYROK franchisees that signed franchise agreements but had not yet opened their outlets, and (iii) the addresses of all company owned BODYROK outlets operated by affiliates of ours.

Exhibit E lists, as of December 31, 2023, the contact information of every franchisee in the United States that had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under its franchise agreement in 2023, or that has not communicated with us within the 10 weeks ending on the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with BODYROK. 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. However, during the last three fiscal years, we have not signed any agreements with current or former franchisees that included confidentiality clauses.

We have not created, sponsored or endorsed any trademark-specific franchisee organizations associated with the BODYROK franchise being offered. There are no independent franchisee organizations that have asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

Exhibit C to this disclosure document contains our (i) audited financial statements for 2023; (ii) audited financial statements for 2022; (iii) audited financial statements for the period from inception (March 10, 2021) to December 31, 2021, and (iv) reviewed balance sheet for the period from inception (March 10, 2021) to March 31, 2021. We have not been in business for three years or more and cannot include all financial statements required under the FTC's Franchise Rule. Our fiscal year ends December 31.

ITEM 22: CONTRACTS

Exhibit A - Franchise Agreement
- Exhibit 1 – Territory and Location of Outlet
- Exhibit 2 – Names and Addresses of Principal Equity Owners
- Exhibit 3 – Guarantee of Franchise Agreement
- Exhibit 4 – Confidentiality Agreement
- Exhibit 5 – Electronic Transfer of Funds Authorization
- Exhibit 6 – Opening Date Acknowledgment

Exhibit B – Area Development Agreement
Exhibit 1 – Development Schedule and Development Area
Exhibit G - Sample General Release
Exhibit H - State Specific Addenda

ITEM 23: RECEIPTS

Attached as the last (2) two pages of this disclosure are detachable documents acknowledging your receipt of this disclosure document.

EXHIBIT A

FRANCHISE AGREEMENT

BODYROK

FRANCHISE AGREEMENT

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FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made and executed as of ________________, 20 __ (the “Effective Date”), by and among BODYROK Franchise USA, LP, a Missouri limited partnership, doing business as “BODYROK” (“Franchisor”) and ______________________________________, a __________________________ (“Franchisee”).

RECITALS

An entity affiliated with Franchisor (the “Owner of the Marks”) owns the BODYROK trademarks, service marks and other intellectual property and all rights in respect thereof. The Owner of the Marks has authorized Franchisor to license them to BODYROK franchisees.

Franchisee desire to be franchised and licensed by Franchisor to use Franchisor’s “System” (as defined in Article I below), “Marks” (as defined in Article I below) and goodwill to conduct the “Franchised Business” (as defined in Article I below) from a specific “Outlet” (as defined in Article I below and identified in Exhibit 1 attached) operated by Franchisee.

Franchisor is willing to grant Franchisee a “Franchise” (as defined in section 3.1 hereof), in accordance with the provisions of this Agreement and the Confidential Operations Manual.

I. DEFINITIONS

Abandoned. The term “Abandoned” means cessation of operation of the Franchised Business for a period of five (5) consecutive business days, without Franchisor’s prior written consent. A repeated pattern of inactivity at Franchisee’s Outlet for periods of less than five (5) consecutive business days may result in the Outlet (and Franchised Business) being deemed Abandoned if in Franchisor’s judgment such inactivity adversely impacts the Franchised Business or which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to operate the Franchised Business. However, Franchisee’s Outlet will not be deemed Abandoned if the inactivity is due to natural disasters or other similar matters reasonably beyond Franchisee’s control, provided that Franchisee gives Franchisor notice of any such closure within two (2) business days after the initial occurrence of the event resulting in such inactivity, and Franchisor acknowledges in writing that such inactivity is due to one of the foregoing causes, and provided further that Franchisee re-establishes the Franchised Business and be fully operational as soon as possible, or if the Outlet premises are so damaged such that cannot operate for a period of time, then within 180 days after the initial occurrence of the event resulting in such inactivity, or such longer period as Franchisor may permit.

BODYROK Pilates Machine. The term “BODYROK Pilates Machine” means Franchisor’s unique and proprietary Pilates machine to be used by customers at the Outlet. The BODYROK Pilates Machines may only be used at the Outlet if Franchisee is in good standing under this Agreement, except as Franchisor may otherwise expressly agree to in writing.

BODYROK Services. The term “BODYROK Services” means Franchisor’s proprietary Pilates fitness services, using BODYROK Pilates Machines, and other proprietary fitness services.

Confidential Operations Manual. The term “Confidential Operations Manual” means the manual or manuals (regardless of title) containing Franchisor’s trade secrets and the policies and procedures to be adhered to by Franchisee in performing under this Agreement, including all amendments and supplements thereto provided to Franchisee from time to time.

Control. The term “Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

Consumer Price Index or CPI. The term “Consumer Price Index” or “CPI” means the annual average of the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor (or the highest similar future index if these figures become unavailable).

Force Majeure. The term “Force Majeure” means a natural disaster (such as tornado, earthquake, hurricane, flood, fire or other natural catastrophe); strike, lockout or other industrial disturbance; war, terrorist act, riot, or other civil disturbance; or other similar force which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a Force Majeure, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a Force Majeure. To avoid any potential misunderstanding, Franchisee's financial inability to perform or Franchisee's insolvency will not be a Force Majeure.

Franchised Business. The term "Franchised Business" means the BODYROK fitness studio that Franchisee develops and operates pursuant to this Agreement and which (i) offers and provides Pilates, stationary cycling and other related fitness programs and services to retail customers using designated or authorized BODYROK techniques and formats, (ii) offers and sells to retail customers of fitness related clothing, accessories and other merchandise, and other services we authorize in the Confidential Operations Manual and (iii) operates and markets the Outlet within the "Territory" (as defined in this Article I), pursuant to the business methods and procedures set forth by Franchisor for the operation of such a retail business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and its affiliated companies.

General Manager. The term "General Manager" means the individual (may be a "Principal Equity Owner") who has been designated by Franchisee as the person responsible for the day-to-day operation of the Outlet, and who has successfully completed "Initial Training" (as defined in this Article I).

Gross Revenues. The term "Gross Revenues" means all revenues, however generated or received, derived by Franchisee from operating the Franchised Business at or through Franchisee's Outlet, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. There will only be deducted from Gross Revenues, to the extent they have been included,(i) applicable sales or use taxes which, by law, are chargeable to customers, if Franchisee separately states the taxes when the customer is charged and if Franchisee pays the taxes to the appropriate taxing authority; and (ii) any legitimate, documented refunds given in good faith to customers by Franchisee, and not modified or deducted for uncollected accounts, credit card user fees, returned checks or reserves for bad credit.

Initial Training. The term "Initial Training" means training in the System provided by Franchisor, as described in and required by section 6.1 hereof.

Intellectual Property. The term "Intellectual Property" means creations of the mind, including inventions, literary and artistic works, designs, symbols, names and images owned by Franchisor and used in the Franchised Business or at Outlets.

Intellectual Property Rights. The term "Intellectual Property Rights" means all past, present, and future rights of the following types, which may exist or be created under the laws of any jurisdiction in the world: (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, moral rights, and mask work rights; (ii) trademark and trade name rights and similar rights; (iii) trade secret rights; (iv) patent and industrial property rights; (v) other proprietary rights in intellectual property of every kind and nature; and (vi) rights in or relating to registrations, renewals, extensions, combinations, divisions, and reissues of, and applications for, any of the rights referred to in clauses (i) through (v) of this paragraph.

Key Trainer. The term "Key Trainer" means an individual designated by Franchisee as the primary supervisor of BODYROK Pilates, spinning and yoga fitness courses provided to retail customers at the Outlet. The Key Trainer must successfully complete Initial Training and be certified by Franchisor as a qualified BODYROK Key Trainer.

Marks. The term "Marks" means the proprietary marks associated with the System and associated designs in respect of which registrations have been obtained from or applied for with the United States Patent and Trademark Office, as well as all common law trademarks and service marks, trade names, logos, insignias, designs and other commercial symbols which Franchisor now or hereafter is authorized to use and uses or authorizes others to use to identify the Franchised Business. Franchisor will provide Franchisee with a schedule of Marks that Franchisee is required or authorized to use under this Agreement and update this schedule, as necessary.

Opening Date. The term "Opening Date" means the day Franchisee opens Franchisee's Outlet, furnished, inventoried and equipped in accordance with Franchisor's requirements, and Franchisee begins operating the

Franchised Business at Franchisee's Outlet. After the Opening Date, Franchisee will acknowledge and confirm the Opening Date on Exhibit "6" attached to this Agreement.

Outlet. The term "Outlet" means a fitness studio at a location consented to by Franchisor using the "Trade Dress" (as defined in this Article I), containing an approved sound system, the minimum number of proprietary BODYROK Pilates Machines and stationary cycles, and exclusively dedicated to the operation of the Franchised Business under the Marks and in accordance with the System.

Principal Equity Owner. The term "Principal Equity Owner" means a sole proprietor franchisee or each person who owns 20% or more of an entity franchisee.

Proprietary Information. The term "Proprietary Information" means, refers to, and includes Trade Secrets, know-how and Confidential Information of Franchisor (or of any other third party provided such information to or on behalf of Franchisor), concerning the systems of operation, programs, products, services, product processes, methods, plans, accounts, identities of suppliers, price lists, formulas, procedures and techniques, confidential manuals, fitness/class techniques, equipment specifications, advertising and marketing techniques, operational and quality assurance procedures, customer lists, Customer Data, finances, practices of Franchisee, Franchisor and its affiliates, or the System, including, without limitation, information, knowledge, know-how, techniques and information which Franchisor, its affiliates, or their officers, designate as confidential. No formal identification of Proprietary Information will be required. Without limiting the generality of the foregoing, Proprietary Information may take the form of documentation, drawings, specifications, software, technical or engineering data and other forms, and may be communicated orally, in writing, by electronic means or media, by visual observation and by other means.

Suggestions. The term "Suggestions" means any new products or services, specifications, suggestions or other feedback made by Franchisee or Principal Equity Owners relating to the Outlet or to modify the System.

System. The term "System" means comprehensive marketing and operational systems prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Confidential Operations Manual. The System includes (i) the Marks, (ii) know-how relating to BODYROK Services, (iii) advertising, marketing and sales programs and techniques, (iv) training programs, and (vi) related materials, artwork, graphics, layouts, slogans, names, titles, text and other Intellectual Property Rights Franchisor makes available to Franchisee. In Franchisor's sole discretion, Franchisor may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System and amending the Confidential Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; or better serving the public.

Territory. The term "Territory" means the designated and agreed geographical area surrounding Franchisee's Outlet as set forth in Exhibit 1 attached hereto.

Trade Dress. The term "Trade Dress" means the unique and distinctive layout, design and color schemes relating to the Outlet, and the textures, sizes, designs, shapes, and placements of words, graphics, and decorations on products and packaging related to BODYROK Services.

Trade Secret. The term "Trade Secret" means information constituting a trade secret within the meaning of the Uniform Trade Secrets Act, as amended from time to time.

Transfer. The term "Transfer" means a sale, assignment, transfer, conveyance, pledge, mortgage, encumbrance, abandonment, elimination or giving away, voluntarily or involuntarily, by operation of law or otherwise.

II. THE FRANCHISED BUSINESS

2.1 Franchisor's Business.

Franchisor is engaged in the administration, development, operation and licensing of businesses that operate Outlets offering the Franchised Business, using the Marks, operational techniques, service concepts and proprietary information owned or authorized to be used by and identified with Franchisor and Franchisor's affiliated companies. Franchisor's activities in general, and the System (including BODYROK Pilates Machines; proprietary products and services; logos; equipment and operations; designs and layouts for the Outlets; marketing and advertising, specialty retail items and promotional activities) are undertaken to develop, maintain and enhance the Marks and Franchisor's business reputation.

2.2 The Franchise System.
As a result of Franchisor's expenditure of time, skill, effort and money, Franchisor has developed and supervises the System under the Marks operated in accordance with the provisions of this agreement and Franchisor's Confidential Operations Manual, as periodically amended.

III. GRANT OF FRANCHISE

3.1 Grant of Franchise.
(a) By their respective signatures below, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a non-exclusive license ("Franchise") to participate in and use the System and the Marks to conduct the Franchised Business at the Outlet and within Franchisee's Territory as described in Exhibit 1 attached hereto during the term, in strict accordance with this Agreement and the Confidential Operations Manual, from the Effective Date until the end of the term hereof, and any additional term granted in writing by Franchisor unless sooner terminated. So long as Franchisee complies with this Agreement, Franchisor will not authorize another BODYROK franchisee to operate, or itself operate, a BODYROK retail outlet in Franchisee's Territory.

(b) Franchisee acknowledges that Franchisor may have granted and may in the future operate or grant other licenses and franchises outside the Territory. FRANCHISEE MAY NOT USE FRANCHISOR'S MARKS, OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH ANY BUSINESSES OR SERVICES OTHER THAN THE FRANCHISED BUSINESS CONDUCTED BY FRANCHISEE AT THE OUTLET WITHOUT FRANCHISOR'S EXPRESS PRIOR WRITTEN PERMISSION, WHICH PERMISSION, IF GRANTED, WILL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND SUBJECT GROSS REVENUES THEREFROM TO PAYMENT OF ROYALTY AND MARKETING AND PROMOTION FEES.

3.2 Reserved Rights.
(a) Nothing contained herein accords Franchisee any right, title or interest in or to the Marks, System, marketing and operational techniques, service concepts, proprietary information or goodwill of ours, except such rights to use same as expressly granted hereunder during the term of this Agreement. **THIS AGREEMENT GRANTS FRANCHISEE ONLY THE RIGHT TO OPERATE THE FRANCHISED BUSINESS, AND TO OFFER AND PROVIDE THE BODYROK SERVICES, AT FRANCHISEE'S OUTLET AND NOWHERE ELSE, INCLUDING THE INTERNET OR THROUGH APPLICATIONS, UNLESS FRANCHISOR SPECIFICALLY ALLOWS FRANCHISEE IN WRITING TO OFFER BODYROCK SERVICES ELSEWHERE. ALL OTHER RIGHTS ARE RETAINED BY AND RESERVED TO FRANCHISOR.**

(b) Franchisor reserves the right to develop other systems involving similar or dissimilar services or goods, under dissimilar service marks, trademarks and trade names belonging to Franchisor, without granting Franchisee any rights in those systems, and to operate or grant others the right to operate such systems within Franchisee's Territory.

(c) Franchisor reserves all rights to market and sell BODYROK Services at venues other than Outlets and through other channels of distribution, including the Internet and through applications, anywhere, including within Franchisee's Territory. Franchisee understands and acknowledges that this Agreement does not grant Franchisee any rights with respect to such sales whether conducted now or in the future.

(d) Franchisor reserves the right to acquire (or be acquired by) or merge or affiliate with, or engage in any transaction with, other businesses (whether competitive or not), with outlets located anywhere. Such transactions may include, without limitation, arrangements involving competing outlets and brand conversions (to or from the BODYROK Marks and System), and Franchisee must participate at its expense in any conversion that Franchisor requires for such purpose.

3.3 Promotion and Development of Franchisee's Outlet.
Franchisee must (i) diligently and effectively promote, market and engage in the Franchised Business at Franchisee's Outlet; (ii) develop, to the best of Franchisee's ability, the potential for future Franchised Business within Franchisee's Territory; and (iii) devote and focus a substantial portion of Franchisee's attentions and efforts to such promotion and development.

3.4 Extent of Grant.

(a) Franchisee understands and agrees it is licensed under this Agreement only for the operation of Franchisee's Franchised Business at and from Franchisee's Outlet and only within Franchisee's Territory (unless Franchisor specifically agrees otherwise in writing on a case-by-case basis). Franchisee must offer and sell at Franchisee's Outlet and in Franchisee's Territory only BODYROK Services and other goods and services Franchisor designates as required or approved for all BODYROK franchisees. Franchisor has the right to change and add other authorized goods and services which Franchisee will then be required to offer. There are no limits on Franchisor's right to make changes to the offerings, except the additional investment required of Franchisee for equipment, supplies and inventory will not exceed $50,000 in any 12 consecutive months.

(b) Franchisee may not sublicense, sublease, subcontract or enter any management agreement, concession agreement, partnership agreement or joint venture agreement providing for, the right to operate the Franchised Business or to use the System granted pursuant to this Agreement.

3.5 Electronic Execution and Copies.

(a) Executed counterparts of this Agreement (or any portion of this Agreement) may be delivered by any of the parties by electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (any such medium is referred to in this section 3.5(a) and the following section 3.5(b) as "electronic"), and such delivery will be effective and binding upon such party, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement.

(b) Franchisee acknowledges and agrees Franchisor may create an electronic record of any or all agreements, correspondence or other communication between Franchisor or involving third parties, and Franchisor may thereafter dispose of or destroy the original of any such document or record. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form and will be maintained in and readable by hardware and software generally available. Franchisee agrees, notwithstanding any statute, regulation or other rule of law to the contrary, any such electronic version of this or any other agreement or correspondence between the parties will have the same legal effect, validity and enforceability as an original of any such document, even if the original of such document has been disposed of or intentionally destroyed.

3.6 Obligations of Entity Franchisee.

(a) If Franchisee is an entity, Franchisee must provide Franchisor at the Effective Date with a copy of Franchisee's entity's organizational document and any by-laws, shareholders' agreement, operating agreement or other agreement among the equity owners.

(b) If Franchisee is an entity, Franchisee must place the following legend on all certificates evidencing an equity interest:

"THE TRANSFER OF THE EQUITY INTEREST IN THE ENTITY REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A FRANCHISE AGREEMENT DATED __________________, 20 __ BETWEEN THIS ENTITY AND BODYROK FRANCHISE USA, LP. REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS AND OPERATING AGREEMENTS OF THIS ENTITY."

(c) If Franchisee is an entity, Franchisee must confine its activities to the operation of a BODYROK franchised business, and have its governing documents provide that its activities are confined exclusively to the operation of the Franchised Business.

IV. INITIAL AND ON-GOING PAYMENTS BY FRANCHISEE

4.1 Initial Franchise Fee.

(a) If Franchisee is acquiring the rights to open only one Outlet under this Agreement, Franchisee must check here [ ] and the Initial Franchise Fee is $40,000, due and payable in full to Franchisor when Franchisee executes this Agreement.

(b) If Franchisee is executing an Area Development Agreement ("ADA") agreeing to open three Outlets, and this Agreement relates to an Outlet opened under the ADA, Franchisee must check here [ ]. If this section 4.1(b) is applicable, instead of the Initial Franchise Fee for a single Outlet as indicated in section 4.1(a) above, then when

Franchisee executes the ADA, Franchisee will pay Franchisor a “Development Fee” of $75,000, which shall be credited against the initial franchise fee due for each of the three Outlets Franchisee is to develop under the ADA at the rate of $40,000 for the first Outlet, $17,500 for the second Outlet, and $17,500 for the third Outlet. The Outlets must be opened by the dates set forth on Exhibit 1 to the ADA (“Development Schedule”). So long as Franchisee timely opens the Outlets in accordance with the Development Schedule, the initial franchise fee for the second and third Outlets will be discounted to $17,500 each. If, however, Franchisee fails to open any of the Outlets by the dates set forth on the Development Schedule, then the initial franchise fee for the remaining Outlets to be opened under the ADA shall be the full $40,000 each. Franchisee shall pay the balance of the initial franchise fee due for each such Outlet upon execution of the Franchise Agreement for each such Outlet.

(c) If Franchisee is executing an ADA agreeing to open two Outlets, and this Agreement relates to an Outlet opened under the ADA, Franchisee must check here [ ]. If this section 4.1(c) is applicable, instead of the Initial Franchise Fee for a single Outlet as indicated in section 4.1(a) above or for three Outlets to be opened under an ADA as indicated in section 4.1(b) above, then when Franchisee executes the ADA, Franchisee will pay Franchisor a “Development Fee” of $80,000, which shall be credited against the initial franchise fee due for each of the two Outlets Franchisee is to develop under the ADA at the rate of $40,000 for the first Outlet and $40,000 for the second Outlet. The Outlets must be opened by the dates set forth on the Development Schedule.

(d) The Initial Franchise Fee is payable in immediately available funds and is fully earned by Franchisor when paid. The Initial Franchise Fee is not refundable under any circumstances.

4.2 Royalty.

(a) Beginning on the Opening Date and for the entire term of this Agreement, Franchisee must pay Franchisor a “Royalty” of 5% of Franchisee’s monthly Gross Revenues in consideration of Franchisor's grant to Franchisee of the Franchise.

(b) Royalties are due and payable on the third business day of the month (unless that day is a banking holiday, in which case the Royalties are due and payable on the next business day). Royalties will be calculated on the Gross Revenues received during the previous month and are to be accompanied by a revenue report in the form prescribed by Franchisor. **Royalties are fully earned by Franchisor when paid.**

4.3 Marketing, Advertising and Promotion.

(a) Beginning on the Opening Date and for the entire term of this Agreement, Franchisee must pay Franchisor a “Marketing and Promotion Fee” of not more than 2% of Franchisee’s monthly Gross Revenues.

(b) Marketing and Promotion Fees are due and payable on the third business day of the month (unless that day is a banking holiday, in which case the Marketing and Promotion Fees are due and payable on the next business day). Marketing and Promotion Fees will be calculated on the Gross Revenues received during the previous month.

(c) During the 60 days after the Opening Date, Franchisee must spend or provide promotional discounts in Franchisee’s Territory equaling at least $2,500 on grand opening advertising and promotion of Franchisee’s Outlet, using the grand opening advertising and promotional program Franchisor provides or approves, including the “soft opening” to be held on or about the Opening Date and the grand opening event. Not later than 90 days after the Opening Date, Franchisee must provide Franchisor with a report itemizing Franchisee’s expenditures on the grand opening advertising and promotion of Franchisee’s Outlet.

(d) Although Franchisor does not require Franchisee to spend a percentage of Franchisee’s monthly Gross Revenues on the local marketing, advertising and promotion of Franchisee’s Outlet, Franchisor nevertheless encourages Franchisee to do so, using marketing and promotional materials pre-approved or otherwise authorized in writing by Franchisor (“Local Advertising”).

(e) On a regional or system-wide basis, Franchisor may impose an additional assessment upon affected franchisees for special designated advertising or promotional activities if two-thirds of all affected BODYROK franchised outlets agree to such additional assessment by affirmative vote.

(f) Franchisee must fully participate with any gift card, customer loyalty, referral and other contests and promotions Franchisor arranges for, requires or authorizes BODYROK franchisees to participate in. Details regarding such contests and promotions will be set forth in the Confidential Operations Manual.

(g) Franchisor determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to regional or system-wide advertising (including advertising paid from Marketing and Promotion Fee contributions), public relations and promotional campaigns.

(h) Franchisor may designate geographic areas for the purpose of establishing local or regional advertising cooperatives ("Cooperatives"). If Franchisor does so and the Outlet is within the territory of an existing Cooperative at the time the Outlet opens for business, Franchisee will immediately become a member of the Cooperative. Each member will be entitled to one vote for each franchised BODYROK Outlet they own. If a Cooperative applicable to the Outlet is established during the term of this Agreement, Franchisee will become a member no later than 30 days after the date approved by Franchisor for the Cooperative to commence operation. Franchisee will not be required to be a member of more than one Cooperative. Each Cooperative shall be organized and governed in a form and manner designated by Franchisor. In addition to other requirements: (i) each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized promotional materials for use by the members in local advertising; and (ii) no advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without the prior written consent of Franchisor. Based on the decision of a majority of the votes represented by all of the members of the Cooperative, each member can be required to contribute to the Cooperative, up to, but not greater than, two percent (2%) of the monthly Gross Revenues of such member's BODYROK Outlet(s). Such amount shall be in addition to Franchisee's required Marketing and Promotion Fee contributions pursuant to Section 4.3(a).

4.4 Equipment and Technology Fee.

(a) In consideration of Franchisor's agreement to provide Franchisee with use of BODYROK Pilates Machines and Franchisor's digital content and playlists during the term of this Agreement, Franchisee shall pay Franchisor an initial equipment and technology fee of $6,500 per each BODYROK Pilates Machine to be used by Franchisee for the Franchised Business. This initial fee will not be less than $65,000 and is due and payable in full to Franchisor when Franchisee orders the BODYROK Pilates Machines from Franchisor. Franchisee is required to have in operation at all times at the Outlet a minimum of ten (10) BODYROK Pilates Machines. This fee is non-refundable. Shipping costs for the BODYROK Pilates Machines are not included in this fee and shall be paid by Franchisee.

(b) Beginning the first day of the second full calendar month after the Opening Date and during the entire initial term of this Agreement, Franchisee shall pay Franchisor a monthly equipment and technology fee of $131 per month per each BODYROK Pilates Machine Franchisee has at its Outlet. This fee includes continued access to Franchisor's digital content and playlists, as well as the use of the BODYROK Pilates Machines, that Franchisee is required to use at the Outlet and new straps and handle replacements to be provided to Franchisee approximately 30 months after the Effective Date. Shipping costs are not included in this fee and shall be paid by Franchisee.

(c) During any renewal term, Franchisee shall pay Franchisor a monthly equipment and technology fee of $65 per month per each BODYROK Pilates Machine Franchisee has at its Outlet. This fee includes continued access to Franchisor's digital content and playlists, as well as the use of the BODYROK Pilates Machines, that Franchisee is required to use at the Outlet and new straps and handle replacements to be provided to Franchisee upon renewal and approximately 30 months after the renewal date. Shipping costs are not included in this fee and shall be paid by Franchisee.

(d) The monthly equipment and technology fees are due and payable on the first business day of the month (unless that day is a banking holiday, in which case the equipment and technology fees are due and payable on the next business day) in advance for that month. No portion of the equipment and technology fees are refundable.

4.5 Electronic Funds Transfer.

Franchisor requires payment of the Royalties, Marketing and Promotion Fees, Equipment and Technology Fees, and other fees and costs by electronic funds transfer ("EFT"), through the Automated Clearing House ("ACH") electronic network for financial transactions (or such other automatic payment mechanism Franchisor may designate) directly from Franchisee's account into Franchisor's operating account. Franchisee must (i) execute and deliver to Franchisor's bank required pre-authorized check forms and other instruments or drafts to enable Franchisor to draw directly from Franchisee's bank account all fees payable under the terms of this Agreement, including the Electronic Transfer of Fund Authorization form attached to this Agreement as Exhibit 5. and (ii) open and maintain a single bank account for such payments (with overdraft protection from Franchisee's operating account) always keeping the minimum balance in such account as Franchisor may reasonably designate. Franchisee must not alter or close this account except upon Franchisor's prior written approval. Any failure by

Franchisee to implement such EFT system in strict accordance with Franchisor's instructions will constitute a material breach of this Agreement.

4.6 No Setoff on Payments.
All payments to be made by Franchisee to Franchisor will made be without setoff, deduction, defense, counterclaim or claims in recoupment. Franchisee further agrees not to withhold payment of any Royalties, Marketing and Promotion Fees or any other amounts due to Franchisor on grounds of the alleged non-performance of any of Franchisor's obligations under this Agreement nor on account of a set-off against potential or actual damages which Franchisee has alleged or plans to allege against Franchisor.

4.7 Late Fee; Interest on Delinquent Payments and Related Fees.

(a) Any payment of Royalty and Marketing and Promotion Fees not received by Franchisor when due will be a material breach of this Agreement and will be subject to a late charge of 5% of the amount past due. Franchisor and Franchisee agree that the late charge of 5% of the amount past due is reasonable because (i) as a result of any such late payment, Franchisor will incur certain costs and expenses (including administrative costs, collection costs, loss of interest, and other direct and indirect costs in an uncertain amount); and (ii) it would be impractical or extremely difficult to fix in advance the exact amount of costs and expenses Franchisor would incur.

(b) In addition to late payment penalties, all delinquent amounts will bear interest from the date payment was due at an annual percentage rate ("APR") of 18%, immediately payable upon the demand of Franchisor, and Franchisee must also reimburse Franchisor immediately upon demand for all reasonable costs of collection relating to delinquent amounts.

(c) Franchisee shall pay Franchisor a fee of $50, or the maximum allowed by applicable state law, if bank payment is refused for any check or pre-authorized draft received by Franchisor from Franchisee due to "insufficient funds" or otherwise.

4.8 No Accord or Satisfaction.
If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt will be applied against the earliest amount due Franchisor, whether due under this Agreement or otherwise and whether or not there is any contrary designation by Franchisee. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere will constitute or be construed as an accord or satisfaction.

4.9 CPI Adjustments.
Any stated dollar amount in this Agreement may be adjusted in Franchisor's discretion based on changes in the CPI since the Effective Date.

4.10 Payments to Franchisor.
In addition to all other payments under this Agreement, Franchisee agrees to pay to Franchisor immediately upon demand by Franchisor: (a) the amount of all sales taxes, use tax, corporate taxes, trademark license taxes and any other taxes imposed on, required to be collected, or paid by Franchisor on account of services or goods Franchisor has furnished to Franchisee through sale, lease or otherwise, or on account of collection by Franchisor of the Initial Franchise Fee, Royalties, Marketing and Promotion Fees, or other payments called for by this Agreement or as a result of the operation of the Franchised Business; (b) all amounts advanced by Franchisor, or which Franchisor has paid, or for which Franchisor has become obligated to pay, on behalf of Franchisee for any reason; and (c) all amounts due to Franchisor (or its Affiliates), for products or services purchased by Franchisee from Franchisor, its Affiliates or designees.

V. INITIAL TERM AND RENEWAL TERMS

5.1 Initial Term.
The initial term of this Agreement (applicable solely to the Outlet franchised hereunder) commences on the Effective Date and expires five (5) years from the Opening Date, unless sooner terminated pursuant to the provisions of this Agreement.

5.2 Renewal Terms.

(a) Upon written notice delivered to Franchisor not less than 120 days, but not more than twelve (12) months, before the end of the then-existing term hereof, Franchisee may renew the rights granted under this Agreement for three (3) additional five-year terms commencing on the expiration date of the previous term, subject to the provisions of sections 5.2 (b) through 5.2(k) below.

(b) At the time of renewal, Franchisee must (i) then be solvent (which means Franchisee is able to pay its debts as and when promised by Franchisee and Franchisee has assets that are greater than its debts), (ii) not have abandoned the Outlet, (iii) not be operating the Franchised Business in a manner endangering public health or safety or materially harming the BODYROK brand or reputation, and (iv) not have knowingly submitted false or incomplete reports to Franchisor during the expiring term.

(c) At the time of renewal, neither Franchisee, nor any of Franchisee's principal officers or partners (if Franchisee is an entity), may have been convicted of a felony or a crime involving moral turpitude, consumer fraud or any other offense that is reasonably likely, in Franchisor's sole and absolute judgment, to have a materially adverse effect on the Marks, the System, or the goodwill associated with the Marks or System.

(d) Franchisee has fully complied with all of the provisions of this Agreement during the expiring term.

(e) As a condition to renewing Franchisee's rights, duties and obligations hereunder, not later than 90 days before the end of the term that is expiring, Franchisee and Franchisor must sign Franchisor's then-current standard Franchise Agreement modified by addendum to remove provisions that only apply to a new franchisee, such as initial franchise fee and initial training requirements ("Renewal Franchise Agreement"). **IN ADDITION TO NOT GRANTING ANY ADDITIONAL RIGHTS BEYOND THOSE GRANTED IN THIS AGREEMENT, THE RENEWAL FRANCHISE AGREEMENT MAY CONTAIN OTHER TERMS THAT ARE SUBSTANTIALLY DIFFERENT FROM THOSE IN THIS AGREEMENT, including, without limitation, different percentages for Royalties, Marketing and Promotion Fees, advertising cooperative contributions, as well as other material financial and non-financial terms and conditions, including the Territory.** The Renewal Franchise Agreement, when executed, will supersede this Agreement.

(f) At the time of renewal, Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and to Franchisor's affiliates and all other material obligations under this Agreement, and Franchisor may examine Franchisee's books and records to verify compliance with this requirement anytime during normal business hours within 60 days of Franchisee's renewal date. Franchisee must have also timely met its monetary obligations owed to Franchisor throughout the term of this Agreement.

(g) Franchisee maintains possession of the Outlet location and before or not later than 90 days after Franchisee's execution of a Renewal Franchise Agreement for an additional term, Franchisee must make such physical modifications to Franchisee's Outlet as are necessary so that they are consistent with the then current System requirements, and so that they can accommodate new BODYROK Services, if any. Franchisee must also bring Franchisee's Outlet and equipment, materials and supplies into compliance with the standards then applicable to new BODYROK franchises.

(i) Franchisee has complied with Franchisor's then-current qualifications and criteria as well as training requirements as set forth by the Franchisor.

(j) Franchisee has executed a full general release, in a form prescribed by Franchisor, of any and all claims that have arisen or could have arisen against Franchisor, its subsidiaries, affiliates and their respective officers, directors, agents, shareholders and employees.

(k) A Two Thousand Five Hundred Dollar ($2,500) renewal fee is payable to Franchisor for Franchisee entering into a Renewal Franchise Agreement.

5.3 Month to Month Extension; Longer Notice of Expiration Required by Law.

(a) At Franchisor's option, to be exercised in Franchisor's sole and absolute discretion, if the renewal procedures described in section 5.2 above have not been completed for any reason but Franchisee continues to operate the Franchised Business, Franchisor may extend this Agreement on a month-to-month basis by notifying Franchisee in writing that Franchisor is doing so. Franchisee will be deemed to have renewed this Agreement on a month-to-month basis, requiring Franchisee to abide by Franchisor's then-current fees. Franchisee's month-to-month renewal of this Agreement may be terminated by Franchisor upon thirty (30) days' prior written notice to Franchisee for no reason or any reason whatsoever.

(b) If applicable law requires Franchisor to give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any successor term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement will remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

VI. TRAINING AND ASSISTANCE

6.1 Initial Training.

(a) It is critically important for Franchisee's General Manager, Key Trainer and Principal Equity Owners to understand the Franchised Business and the System, and for Franchisee's General Manager, Key Trainer and other key employees to have been trained on how to operate the Franchised Business. Accordingly, Franchisor will provide to Franchisee's General Manager, Key Trainer and at least one of Franchisee's Principal Equity Owners, an initial training program, providing an orientation to the System, operations training and instructor training. Unless there are extenuating circumstances which, in Franchisor's reasonable determination, justify a delay (including Force Majeure), Franchisee's required trainees must attend the next Initial Training offered by Franchisor. The initial training program will consist, generally, of two parts. The operations training will be approximately 4 days, which Franchisee's General Manager and at least one of Franchisee's Principal Equity Owners must attend. The instructor training will be approximately 4 days, which Franchisee's Key Trainer and up to 4 more instructors and at least one of Franchisee's Principal Equity Owners must attend. Franchisee cannot open and operate an Outlet until Franchisee's General Manager and Key Trainer have satisfactorily completed Initial Training. Franchisee acknowledges and agrees that only Franchisor may determine whether Franchisee's General Manager and Key Trainer satisfactorily completes Initial Training.

(b) The failure of Franchisee's General Manager, Key Trainer and at least one Principal Equity Owner to complete Initial Training to Franchisor's satisfaction will be grounds for termination of this Agreement; provided, however, before this Agreement is so terminated, Franchisee's General Manager, Key Trainer or Principal Equity Owner who fails to successfully complete Initial Training will be offered the opportunity to retake Initial Training or Franchisee may send a replacement General Manager, Key Trainer or Principal Equity Owner, approved by Franchisor, to the next available Initial Training program. Franchisee must pay Franchisor a fee of $1,500 for each Initial Training attended by a retaking or replacement General Manager, Key Trainer or Principal Equity Owner.

(c) The Initial Training course will be structured to provide practical training in the implementation and operation of the Franchised Business and may include such topics as System procedures, standards, marketing and customer service techniques, reports and equipment maintenance. Franchisor will determine the contents and manner of conducting the Initial Training.

(d) There is no separate fee payable to Franchisor for the Initial Training program provided to Franchisee's initial General Manager, initial Key Trainer, two more instructors, and one of Franchisee's Principal Equity Owners (for a total of 5 trainees). Franchisee may be required to pay Franchisor a fee of $1,500 for each additional attendee of Initial Training.

(e) All costs and expenses (including travel, lodging and meals) of Franchisee's attendees of Initial Training will be Franchisee's sole responsibility. All persons attending Initial Training on Franchisee's behalf must have a demonstrable relationship to the management and operation of Franchisee's Outlet.

(f) All instructors have to attend BODYROK instructional training prior to teaching any BODYROK classes. There will be no additional fee charged for Franchisee's Key Trainer and up to 4 more instructors to attend the instructor training part of the Initial Training. Franchisor will charge Franchisee a training fee of $1,500 per each additional instructor who attends Franchisor's BODYROK instructor training offered at locations designated by Franchisor, and Franchisee shall be responsible for its trainees' travel, lodging, meal expenses. If Franchisee requests on-site BODYROK instructor training at its Outlet, and Franchisor agrees, Franchisor will charge Franchisee a training fee of $3,000, plus Franchisee shall reimburse Franchisor, upon demand, Franchisor's travel, lodging and meal expenses. For any on-site training, Franchisor may, in its discretion, require Franchisee to pay a reasonable deposit for its travel, lodging and meal expenses before booking its travel.

6.2 On-Site Training

(a) In connection with the opening of the Franchised Business at the Outlet, Franchisor may, in its sole discretion, provide Franchisee with on-site opening assistance for a period of approximately 4 days ("On-Site Opening Assistance"). Whether Franchisor provides Franchisee with On-Site Opening Assistance, and the duration and timing of any such On-Site Opening Assistance, will be determined by the Franchisor based on Franchisee's operating experience and abilities, in Franchisor's sole judgment. Franchisee must pay Franchisor a fee of $3,000 for such On-Site Opening Assistance at least 30 days prior to the anticipated opening and shall also pay all expenses incurred by Franchisor in connection with the on-site training, including, but not limited to, travel, transportation, meals and lodging expenses.

(b) Franchisor will not be obligated to provide any additional on-site training or assistance during the term of this Agreement, but if it elects to do so, it may impose a fee of up to Seven Hundred Fifty Dollars ($750) for each day of on-site training or assistance it agrees to provide. In addition to the fee imposed by Franchisor, Franchisee shall also pay all expenses incurred by Franchisor in connection with the on-site training, including, but not limited to, travel, transportation, meals and lodging expenses.

6.3 Training and Assistance after Opening.

(a) After Franchisee opens and begins operating its Outlet, Franchisor will provide Franchisee with access to, list Franchisee's Outlet on, and integrate other information about Franchisee's Outlet into, Franchisor's website. Any future update or modifications to Franchisee's presence on Franchisor's website may be at Franchisee's cost and expense.

(b) After Franchisee opens and begins operating the Franchised Business at the Outlet, Franchisor may provide Franchisee with such assistance in connection with the operation of the Franchised Business as Franchisor may from time to time deem appropriate in its sole discretion. This assistance may, but is not required to be provided by Franchisor in person, by telephone, e-mail or through any other means as we deem appropriate. There is no particular type of assistance that is required to be provided by us at any time or on an ongoing basis. Franchisee understands and agrees that all advice and guidance provided by Franchisor is gratuitous and is only supportive of the operation of the Franchised Business and that the overall success of the Franchised Business is primarily dependent upon Franchisee's business abilities and efforts. Franchisor's field representatives may visit Franchisee's Outlet from time to time, but the frequency and duration of any such visits by Franchisor's representatives is in Franchisor's sole discretion. Other than providing Franchisee general guidelines for tax and federal employment compliance in the Confidential Operations Manual, Franchisor does not provide Franchisee with assistance in contracting with agents or hiring employees.

(c) After Franchisee opens and begins operating the Franchised Business at the Outlet, upon reasonable notice, Franchisor may require participation of Franchisee's designated personnel at training courses, seminars, conferences or other programs other than Initial Training or mandatory meetings (described in section 6.4 below) deemed by Franchisor to be relevant or appropriate to the operation of the Franchised Business. Franchisee specifically agrees only persons trained by Franchisor or under Franchisor's supervision will have overall responsibility for the operation of the Outlet and Franchised Business, and Franchisee will send Franchisee's General Manager and/or Key Trainer to Franchisor for additional training if Franchisor requests this. Franchisor may at its discretion charge Franchisee an additional training fee of up to $750 per day for BODYROK training courses, seminars, conferences or other programs that Franchisor requires Franchisee or Franchisee's representatives to attend. Franchisee's replacement General Managers and Key Trainers must attend Franchisor's Initial Training and all instructors have to attend BODYROK instructional training prior to teaching any BODYROK classes. Franchisee is responsible for training all other employees. Any new General Manager or Key Trainer must attend the Initial Training program, at an additional charge of $1,500 per person, and must successfully complete it to Franchisor's satisfaction. Franchisor will charge Franchisee a training fee of $1,500 per instructor to attend Franchisor's BODYROK instructor training offered at locations designated by Franchisor, and Franchisee shall be responsible for its trainees' travel, lodging, meal expenses. If Franchisee requests on-site BODYROK instructor training at its Outlet, and Franchisor agrees, Franchisor will charge Franchisee a training fee of $3,000, plus Franchisee shall reimburse Franchisor, upon demand, Franchisor's travel, lodging and meal expenses. For any on-site training, Franchisor may, in its discretion, require Franchisee to pay a reasonable deposit for its travel, lodging and meal expenses before booking its travel.

(d) Franchisor may but is not required to make available to Franchisee optional staff training courses, coaching and business mentoring programs, seminars, conferences or other programs, at a suitable location selected by Franchisor. Franchisor may charge Franchisee a separate fee of up to $750 per day for this optional training.

(e) In addition to updates to the Confidential Operations Manual, Franchisor may provide Franchisee with additional materials relating to the Franchised Business. Franchisor may also from time to time make available to Franchisee for purchase other materials relevant to the Outlet, the Franchised Business and the System.

(f) All costs and expenses (including travel, lodging and meals) of Franchisee's attendees at any post-opening training, conferences or meetings will be Franchisee's sole responsibility. All persons attending post-opening training, conferences or meetings on Franchisee's behalf must have a demonstrable relationship to the management and operation of Franchisee's Outlet.

(g) In the event of a Transfer of Franchisee's rights, duties and obligations under this Agreement (which must be done in full compliance with section 12.2 of this Agreement), the transferee must be trained by Franchisor as a condition of Franchisor's consent to such Transfer. The transferred Franchise may not be operated by the transferee until Franchisor accepts the transferee in writing as being qualified to operate the Outlet and the Franchised Business and Franchisor has otherwise consented to the Transfer in accordance with this Agreement.

6.4 Mandatory Meetings.
Not more often than once each year, Franchisor may conduct a system-wide meeting or series of regional meetings to discuss System operations and business activities or other matters relating to the Franchised Business. Attendance of a Principal Equity Owner at these meetings will be mandatory (and is highly recommended for Franchisee's General Manager and all of Franchisee's other Principal Equity Owners). Franchisor may limit the number of Franchisee's attendees at these meetings. Franchisee must pay the cost of travel, lodging and meal expenses for Franchisee's attendees at these mandatory meetings. The mandatory meetings referenced in this section 6.4 are in addition to any voluntary convention or sales conference coordinated by Franchisor.

6.5 Proprietary Materials.
At Initial Training and other training programs and conferences, Franchisor may provide Franchisee with Proprietary Information, as well as training materials, training curricula and related materials for Franchisee's use in training Franchisee's staff. All these items are and will remain Franchisor's sole and exclusive property. Franchisee must not, nor allow its employees or others to, copy, reproduce, disseminate or otherwise reveal to third parties any Proprietary Information and related materials without Franchisor's express prior written consent.

VII. OPENING OF OUTLET AND FRANCHISED BUSINESS

7.1 Franchisee's Outlet.
The Franchised Business may only be operated by Franchisee at or from Franchisee's Outlet. If Franchisee's Outlet has not been identified when Franchisee signs this Agreement, but the general location of the Territory is identified, the exact location of Franchisee's Outlet will be inserted into a restated Exhibit 1 attached to this Agreement as soon as its location has been determined. To promote the orderly and timely servicing of all System retail customers, Franchisee may not deliver BODYROK Services outside Franchisee's Territory without Franchisor's prior written consent. Due to landlord obligations under other leases or other restrictions imposed by government authorities, not all BODYROK Services may be available to be offered to customers at some Outlets (including Franchisee's Outlet).

7.2 Building Out Franchisee's Outlet.

(a) Premises acceptable to Franchisor from which Franchisee's Outlet will be operated must be located and secured by Franchisee within 120 days after the Effective Date. Immediately following Franchisee's selection of a proposed site for the Outlet, Franchisee shall deliver to Franchisor all the information that Franchisor may request to evaluate the site, as provided in its Confidential Operations Manual or otherwise. If Franchisor does not communicate its consent or disapproval of the proposed site for the Outlet to Franchisee within 15 days following Franchisor's receipt of same, the proposed site for the Location will be deemed approved by Franchisor as the site of the Outlet hereunder. If Franchisor disapproves, Franchisee must promptly propose an alternative location. If within 120 days after the Effective Date, Franchisee has not located a site for Franchisee's Outlet acceptable to Franchisor, Franchisor may terminate this Agreement without providing you any opportunity to cure. Franchisee must diligently build out Franchisee's Outlet (and commence operation of the Franchised Business there) after Franchisor approves the Outlet premises, using architects, project managers, contractors, subcontractors, architectural plans and key equipment suppliers designated by Franchisor (or one of Franchisor's affiliated companies) or otherwise reasonably acceptable to Franchisor. Franchisee must commence operation of the Franchised Business at Franchisee's Outlet as soon as practicable after Franchisee's receipt of a certificate of occupancy (or equivalent document) from the responsible local government authority. If Franchisee has not commenced operation of the

Franchised Business at the Outlet premises approved by Franchisor within 365 days from the Effective Date, Franchisor may terminate this Agreement without providing you any opportunity to cure. If Franchisor does so, Franchisee will not be entitled to receive any refund of Franchisee's Initial Franchise Fee. If this Agreement is for a second or subsequent Outlet owned by Franchisee under the terms of an ADA, Franchisee must commence operation of the Franchised Business at the additional Outlet within the time period specified in the Development Schedule included in the ADA. Franchisor may give Franchisee one-month extensions to open the Outlet beyond the mandatory dates specified above in this section 7.2(a) if Franchisor deems, in its sole and absolute discretion, that Franchisee has made diligent efforts to open but was unable to do so due to reasons beyond Franchisee's reasonable control.

(b) Franchisor may, but is not obligated to, assist Franchisee in the site selection process. However, Franchisor reserves the sole right of final review and consent to any location of the Outlet. Franchisor uses available demographic information to evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances. Franchisor's final review and consent to the location of Franchisee's Outlet is not a guarantee that a BODYROK retail business can be successfully operated there or anywhere else. Franchisee understands and agrees that it will remain the ultimate responsibility of Franchisee to select and choose the site for the Outlet.

(c) Franchisor will provide Franchisee with a sample prototype layout for Franchisee's Outlet. At Franchisee's sole expense, Franchisee must employ architects, designers, engineers or others designated or approved by Franchisor to complete, adapt, modify or substitute the sample plans and specifications for the Outlet. The architect must submit a complete set of final plans and specifications to Franchisor before commencing construction of the Outlet. Franchisor will review these plans and specifications promptly and accept them as stated or provide Franchisee with Franchisor's comments on the plans and specifications. Franchisor will have complete and uncontested control over the design of the Outlet and Franchisee may not modify the design or choose third party designers without Franchisor's express written consent. Franchisee may not commence construction of the Outlet until Franchisor consents in writing to the final plans, specifications and contractors to be used in constructing the Outlet. Franchisee agrees, at its expense, to make all leasehold improvements and install all fixtures, furniture, signs and equipment at the Outlet required to comply with Franchisor's current requirements and specifications. Franchisor will consult with Franchisee, to the extent Franchisor deems necessary, on the construction and equipping of the Outlet (and Franchisor may require the Outlet to have a certain color scheme and decorative trade dress), but it is and will remain Franchisee's sole responsibility to diligently construct, equip and otherwise make ready, and then open the Outlet. Franchisee is responsible at its sole expense for obtaining all zoning classifications, permits, clearances, certificates of occupancy and clearances required by governmental authorities to construct, open and operate the Outlet, as well as all certificates, permits and other required forms of governmental approval relating to the operation of the Outlet and the Franchised Business, and for complying with all covenants, conditions, easements, and restrictions of record.

(d) Franchisee must use licensed general contractors and vendors reasonably acceptable to Franchisor to construct and build out Franchisee's Outlet. Franchisor expressly disclaims any representation or warranty of the quality of any goods or services provided by architects, contractors, or any other persons or entities which Franchisor may refer to Franchisee, including any warranty as to merchantability or fitness for any particular purpose. Franchisor is not responsible for delays in the construction, equipping or decoration of the Outlet or for any loss resulting from the Outlet design or construction since Franchisor has no control over the landlord or developer and numerous construction-related problems which could occur, consequently delaying the opening of Franchisee's Outlet. Franchisor must approve in writing all changes in the Outlet plans prior to construction of the Outlet or the implementation of such changes.

(e) Franchisor must have access to Franchisee's Outlet while work is in progress. Upon our request, Franchisee must make and deliver to Franchisor photographic or video records of construction in process. Franchisor may require the reasonable alterations to or modifications in the construction of the Outlet that Franchisor deems necessary. Franchisee's failure to promptly commence and diligently complete the design, construction, inventorying, equipping and opening of the Outlet will be a material breach of this Agreement. Before the Outlet opens to retail customers and before final inspections by any governmental agency, representatives of Franchisor may complete a final "walk through" inspection of the Outlet and issue a written consent to open. Any deficiencies noted by Franchisor from this inspection must be corrected by Franchisee within 30 days or this Agreement may be terminated without any liability to Franchisor.

(f) Unless otherwise agreed to in writing by Franchisee and Franchisor, Franchisee has the sole responsibility for locating, securing and obtaining suitable premises for Franchisee's Outlet. Franchisee and

Franchisee's landlord will be required by Franchisor to execute a rider to Franchisee's lease (or other written agreement or written understanding incorporated in, or attached as a rider to, the lease) that provides that (i) after the expiration or termination of the Franchise Agreement for any reason, Franchisor shall have the option for thirty (30) days to cure any defaults; at Franchisor's election, either to assume the obligations of and replace Franchisee as the lessee under the lease, or to have another BODYROK franchisee assume the obligations of and replace Franchisee as the lessee under the lease; and, if Franchisor has assumed the obligations of and replaced Franchisee as the lessee under the lease, to reassign the lease to another franchisee, all of which have been previously consented to by the lessor or sublessor, (ii) the landlord will furnish to Franchisor written notice specifying any default by the Franchisee and the method of curing the default; allow Franchisor thirty (30) days after receipt of the notice to cure the defaults (except that if the default is the non-payment of rent, Franchisor will have only fifteen (15) days from receipt of notice to cure the default); and, allow Franchisor to exercise its option for Franchisor or another franchisee to succeed to Franchisee's interest in the lease, (iii) the landlord will accept Franchisor or another franchisee designated by Franchisor as a substitute tenant under the Lease upon notice from Franchisor that it is exercising its option for Franchisor or another franchisee to succeed to Franchisee's interest in the Lease and/or to reassign the lease to another franchisee following Franchisor's assumption of obligations under the Lease, (iv) the landlord acknowledges that Franchisee alone is responsible for all debts, payments and performances under the lease before Franchisor or another franchisee takes actual possession of the premises and lessor or sublessor shall not require Franchisor to satisfy any past-due obligations of Franchisee as a condition of assignment to Franchisor, (v) the lease may not be modified or amended without Franchisor's prior written consent. The landlord will promptly provide Franchisor with copies of all proposed modifications or amendments and true and correct copies of the executed modifications and amendments, (vi) the landlord may, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the lessor or sublessor's possession (as applicable) with respect to sales made in, upon or from the Outlet premises, and (vii) following the expiration or termination of the Franchise Agreement for any reason, Franchisor may enter the premises to remove its Marks and other proprietary property or property containing the Marks.

(g) Franchisee will be solely responsible for the acts, errors or omissions of itself, its general contractor, its architects, designers, engineers and others regarding compliance with this Section 7.2. Franchisor will have no responsibility or liability for the acts, errors or omissions of Franchisee, its general contractors, architects, designers, or engineers. Franchisor will not be liable for any loss or damage arising from the construction, design or plan of the Outlet, whether because of its approval of plans and specifications or for any other reason. Franchisee agrees to indemnify Franchisor for any loss, cost or expense, including attorneys' and experts' fees, which Franchisor sustains because of the acts, errors or omissions of Franchisee, its contractors, architects, designers, or engineers arising out of or related to the design, construction or outfitting of the Outlet, whether or not approved by Franchisor.

(h) After the Outlet opens, Franchisor has the right to periodically inspect Franchisee's Outlet and any other site where Franchisee conducts the Franchised Business.

7.3 Equipment and Inventory.

(a) Within the timeframes Franchisor specifies to assure delivery before the Opening Date, Franchisee must order from Franchisor the required or recommended number of BODYROK Pilates Machines from Franchisor, which shall be a minimum of ten (10) BODYROK Pilates Machines. Franchisee understands and agrees that it will not own the BODYROK Pilates Machines and will only be permitted to use the machines at Franchisee's Outlet in accordance with and during the term of this Agreement. Franchisee shall not, and does not have any right to, pledge, encumber, hypothecate or otherwise give any third party a security interest in the BODYROK Pilates Machines. Within the timeframes Franchisor specifies to assure delivery before the Opening Date, Franchisee must also order from (and if necessary pre-pay to) designated or approved suppliers (which may include Franchisor or its affiliates) (i) other pieces of proprietary equipment, (ii) Franchisor's required technology package, (iii) supplies (in at least the amount required to complete Franchisor's recommended initial inventory of these items) and (iv) additional items as specified in the Confidential Operations Manual, with delivery scheduled for not later than two business days before the Opening Date. Thereafter, and except as provided in Section 4.4(b) and (c), Franchisee must buy replacement or additional proprietary equipment, supplies and other items in sufficient quantities to permit Franchisee's uninterrupted conduct of the Franchised Business at Franchisee's Outlet, and only from vendors or suppliers designated or approved by Franchisor.

(b) Franchisee must also purchase non-proprietary merchandise and supplies (in at least the amount required to complete Franchisor's recommended initial inventory of these items), fixtures, furnishings, equipment, audio/visual equipment, POS System, computer hardware, software, programming and peripheral equipment as specified in the Outlet development materials and the Confidential Operations Manual or otherwise by Franchisor, in adequate quantities and sufficiently in advance to allow Franchisee to fully operate Franchisee's Outlet on the Opening Date, and continuously thereafter in sufficient quantities to permit Franchisee's uninterrupted conduct of the Franchised Business at Franchisee's Outlet. Franchisee may be required to purchase certain or all of these items from designated or approved suppliers (which may include Franchisor or its affiliates).

(c) Franchisee must buy interior and exterior signs, other materials containing the Marks, and apparel containing the Marks only from vendors or suppliers designated or approved by Franchisor.

(d) Franchisee must also purchase non-proprietary supplies, paper goods, services, packaging, forms and other products and supplies to constitute Franchisee's complete initial inventory of such items as specified in the Confidential Operations Manual, with delivery scheduled for not later than three business days before the Opening Date.

(e) Franchisor and its affiliated entities reserve the right to derive and receive revenues, rebates or other material consideration as a result of required purchases or leases by System franchisees, and to retain for itself or use such revenues, rebates or other material consideration as Franchisor deems appropriate. Franchisee agrees that Franchisor and/or its affiliates will be entitled to said profits and/or consideration.

(f) Although approved or designated by Franchisor, Franchisor and its affiliates make no warranty and expressly disclaim all warranties, including warranties of merchantability and fitness for any particular purpose, with respect to services, products, equipment, software, programming, supplies, fixtures, furnishings or other approved items. In addition, Franchisor disclaims any liability arising out of or in connection with the services rendered or products furnished by any supplier approved or designated by Franchisor. Franchisor's approval or consent to any services, goods, suppliers, or any other individual, entity or any item shall not create any liability to Franchisor.

(g) Franchisee acknowledges and agrees that certain approved supplies, required products and/or services may only be available from one source, and Franchisor or its affiliates may be that source, and that the cost of such supplies, products and/or services may be higher than the cost of the same or similar supplies, products and/or services that may be purchased elsewhere. Franchisee also acknowledges that Franchisor and/or its affiliates will make a profit on the sale of such supplies, products and/or services to Franchisee. Franchisor shall have the right during the term of this Agreement to amend, alter, add to, delete, or revise the products, supplies and/or services that Franchisee is required to purchase directly from Franchisor and/or its affiliates, as well as other suppliers. Franchisee agrees to pay Franchisor, its affiliates or designees (as applicable) upon Franchisee's receipt of the invoice for the products, supplies and/or services purchased, pursuant to the terms of that invoice.

(h) Franchisor agrees that it will use its reasonable efforts to fulfill or to cause its affiliates to fulfill Franchisee's orders for supplies, products and/or services that Franchisee is required to purchase from Franchisor or its affiliates. However, neither Franchisor nor its affiliates shall be liable to Franchisee in the event that Franchisor or its affiliates are not able to fulfill an order for supplies, products and/or services placed by Franchisee. In addition, neither Franchisor nor its affiliates shall have an obligation to sell Franchisee any products, supplies and/or services, if Franchisee is in default under this Agreement. The cost of any supplies, products and/or services purchased from Franchisor or its affiliates shall be based on the price then in effect, as set forth and identified from time to time in our confidential published price lists, in our Manual, or through other written communications.

(i) Franchisee shall not decompile, disassemble, analyze or otherwise examine the BODYROK Pilates Machines for the purpose of reverse engineering and shall not replicate or copy the BODYROK Pilates Machines. Except to return the BODYROK Pilates Machines to Franchisor upon termination or expiration of this Agreement, Franchisee shall not remove the BODYROK Pilates Machines from Franchisee's Outlet without the prior written consent of Franchisor.

7.4 Marketing and Advertising Boundaries.
The marketing and advertising boundaries within which Franchisee is to operate under this Agreement are determined by Franchisor and may be changed by Franchisor or overlap with the territories of other BODYROK franchised outlets as market conditions or type of media warrant, all in Franchisor's sole discretion (and such marketing and advertising boundaries may exceed the Territory provided herein). Franchisee may not directly promote, advertise or otherwise market the Outlet outside the boundaries of the Territory or other marketing or advertising boundary that Franchisor may designate in writing, unless Franchisor gives express written permission for Franchisee to do so.

VIII. OPERATION OF FRANCHISED BUSINESS

8.1 Operational Requirements.

(a) At all times Franchisee must be, or employ, a General Manager who will devote his or her entire time during normal business hours, as defined in the Confidential Operations Manual, to the management, operation and development of the Franchised Business at the Outlet. The General Manager must ensure Franchisee fulfills its obligations to Franchisee's customers in a timely and professional manner and he or she may not engage in any other business requiring his or her active participation during normal business hours. At least one Principal Equity Owner must participate personally in the direct operation of the Outlet.

(b) Franchisee must sell to customers at the Outlet BODYROK Services, programs, and other food and beverages specified in Franchisor's then authorized menu, and related products and accessories supplied by designated vendors and approved suppliers for resale by Franchisee at Franchisee's Outlet in accordance with this Agreement and the Confidential Operations Manual (as periodically amended by Franchisor). Franchisee must also offer disseminate to the public all promotional and other materials, which are specified by Franchisor. Franchisee must only operate the Franchised Business at Franchisee's Outlet, in strict accordance with the procedures set forth in the Confidential Operations Manual or otherwise provided to Franchisee by Franchisor in writing. Online ordering of BODYROK Services by Franchisee's customers may only be made through the authorized page on Franchisor's website. Franchisee must use the standard signs and formats Franchisor prescribes in operating the Outlet and conducting the Franchised Business.

(c) To protect and maintain the integrity, reputation and goodwill of the System and the Marks, Franchisor requires Franchisee to comply with the methodology Franchisor prescribes in providing BODYROK Services to customers. To enhance uniformity in the delivery of goods and services to retail customers by Franchisor's franchises and the strength of Franchisor's Marks in inter-brand competition, and subject to applicable federal and state antitrust laws, Franchisor may recommend retail prices for specific BODYROK Services and other products and services Franchisor authorizes for sale at Franchisee's Outlet. If Franchisor does so, Franchisee may not advertise or promote (whether by telephone, printed materials or any other media, including social media) retail prices inconsistent with these recommended prices.

(d) Franchisee's Outlet must be open on a full-time basis in accordance with the hours of operation as designated in the Confidential Operations Manual. The obligation to remain open will not apply if Franchisee experiences a Force Majeure.

(e) Franchisee must promptly satisfy any *bona fide* indebtedness that Franchisee incurs in operating the Outlet and the Franchised Business. Contractors, subcontractors, vendors and suppliers providing services to Franchisee must be paid in accordance with the terms of their agreements with Franchisee.

(f) Franchisee must notify Franchisor in writing within 10 business days after Franchisee receives actual notice of the commencement of any investigation, action, suit, or other proceeding, or the issuance of any order, writ, injunction, award, or other decree of any court, agency, or other governmental authority that pertains to the Outlet or the Franchised Business, or that may adversely affect Franchisee's operations at the Outlet or Franchisee's ability to meet its obligations under this Agreement.

(g) If anything occurs at the Outlet that causes or may cause harm or injury to retail customers or Franchisee's employees, or that may damage the System, Marks, or image or reputation of the Franchised Business or Franchisor or Franchisor's affiliates, Franchisee must immediately inform Franchisor's designated contact person as instructed in the Confidential Operations Manual by telephone, e-mail, text or other electronic messaging medium authorized by Franchisor for this purpose. Franchisee must cooperate fully with Franchisor in any response to an incident described in this section 8.1(g).

(h) Franchisee must promptly pay all taxes due and payable because of Franchisee's operation of the Outlet and the Franchised Business. If there is any *bona fide* dispute as to any liability for taxes assessed or other indebtedness, Franchisee may contest the validity of the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law. However, Franchisee may not permit a tax sale or seizure by levy or similar writ or warrant, or attachment by a creditor to occur against the premises of the Outlet or any of its improvements.

(i) Without Franchisor's prior written consent, Franchisee may not engage in any "Co-branding" with other businesses nor allow subtenants in the Outlet. Franchisor is not required to approve any Co-branding chain or arrangement except in Franchisor's sole and absolute discretion, and only if Franchisor recognizes that Co-branding chain as an approved co-brand for operation within the System. Unauthorized Co-branding and subtenants include the operation of an independent business, product line or operating system owned or licensed by another entity (not Franchisor) featured or incorporated within Franchisee's Outlet or the Franchised Business operated by Franchisee in the Territory or adjacent to the Outlet and operated in a manner likely to cause the public to perceive it to be related to the Outlet and Franchised Business licensed to Franchisee hereunder.

(j) Franchisee agrees to participate in all System promotions described in Franchisor's website and all Franchisor-authorized charitable fundraising and group discount programs.

(k) Franchisee must not accept cash payments from customers at the Outlet which are not reported to Franchisor or incorrectly reported. If this occurs, Franchisor can assess a fine of $500 each time it happens and declare Franchisee in material breach of this Agreement.

(l) Franchisee agrees to diligently consider customer reviews and respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities.

(m) Franchisee agrees to join and pay the annual music licensing fees due to ASCAP. Upon request by Franchisor, Franchisee shall provide proof of payment of such music licensing fees.

8.2 Confidential Operations Manual.

(a) Franchisee must operate the Franchised Business in accordance with the Confidential Operations Manual, a copy of which will be loaned to Franchisee. Franchisee may be provided access to a digital copy of the Confidential Operations Manual through Franchisor's website. Franchisee may also be provided with a hard copy of all or portions of the Confidential Operations Manual at Initial Training or afterwards. Franchisor has the right to modify the Confidential Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. All such additions, deletions or modifications are effective on the next business day after delivery to Franchisee or the digital copy maintained on Franchisor's website is changed.

(b) All additions, deletions or modifications to the Confidential Operations Manual are equally applicable to all similarly situated BODYROK franchisees. As periodically modified by Franchisor, the Confidential Operations Manual will be deemed to be an integral part of this Agreement and references to the Confidential Operations Manual made in this Agreement, or in any amendments or exhibits hereto, are deemed to mean the Confidential Operations Manual. However, the Confidential Operations Manual, as periodically modified or amended by Franchisor, will not alter Franchisee's fundamental status and rights or fees payable to Franchisor under this Agreement. If there is any discrepancy or dispute about the version of the Confidential Operations Manual Franchisee may have printed and maintains, the master copy of the Confidential Operations Manual that Franchisor maintains at Franchisor's headquarters and available on Franchisor's website will be the controlling version and will supersede all prior versions.

(c) If Franchisee loses printed portions of, or allows unauthorized access to or duplication of, the Confidential Operations Manual or any other confidential manuals or proprietary materials loaned to Franchisee by Franchisor, Franchisee must request a replacement within three business days, and Franchisee will be deemed to be in violation of this Agreement and all other agreements Franchisee has with Franchisor and Franchisor's affiliated entities.

(d) Upon the expiration, termination or cancellation of this Agreement for any reason, Franchisee, the General Manager and any other employee having possession thereof, must immediately return to Franchisor any printed portions of the Confidential Operations Manual then in Franchisee's or their possession. Except as specifically permitted by Franchisor, at no time may Franchisee or Franchisee's employees or agents (i) make, or cause to be made, any copies or reproductions of all or any portion of the Confidential Operations Manual, (ii) give online access to the Confidential Operations Manual to unauthorized persons, or (iii) disclose any part of the Confidential Operations Manual to any other person except Franchisee's authorized employees and agents when required in the operation of the Outlet and the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retain after expiration, cancellation or termination of this Agreement.

8.3 Standards of Operation.

(a) Franchisee must offer and use, and only offer and use at the Outlet Franchisor's authorized fitness services and class formats, offerings and programming. No changes, additions or deletions shall be made by Franchisee to the authorized fitness services and class formats, offerings and programming to be provided at the Outlet. Franchisee agrees to indemnify and hold Franchisor and Franchisor's affiliated entities, equity owners, managers, officers, employees and agents harmless from and against all losses, damages, costs and expenses, including reasonable attorney's fees, resulting from any change Franchisee makes in the standard authorized fitness services and class formats, offerings or programming or for any deviation of Franchisee's products from the descriptions contained in Franchisor's approved list. Franchisor may, but is not required to, change the fitness programming on a monthly basis and Franchisee shall offer and use such then-required programming at the Outlet in accordance with Franchisor's requirements and standards, including, but not limited to, displaying such programming as required by Franchisor. Franchisor may also change the standard authorized fitness services and class formats, offerings and programming at any time. Franchisee must also use Franchisor's required music programming.

(b) To enhance the customer experience at the Outlet and to protect Franchisor's reputation, Franchisor is entitled to prescribe standard uniforms and attire for all of Franchisee's personnel. Franchisee is required to obtain such uniforms and attire only from an e-store set up by Franchisor or from other designated or approved manufacturers or distributors.

(c) Franchisee agrees that Franchisor, Franchisee and everyone else involved in the System benefits from the maintenance of the highest standards of uniformity, quality, similar appearance and prominent display of the Marks at Franchisee's Outlet and elsewhere in Franchisee's Territory. Therefore, Franchisee agrees to maintain the uniform standards of quality, appearance and display of the Marks in strict accordance with this Agreement and the Confidential Operations Manual as it may be periodically revised, or as Franchisor may otherwise direct in writing. To assist Franchisor in maintaining consumer brand recognition through advertising and an effective network of franchisees, Franchisee specifically agrees it will not display the Marks except in the manner Franchisor authorizes.

8.4 Point of Sale System and Computer System.

(a) Franchisee must purchase, use and maintain the computerized point of sale cash collection system and integrated business computer (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by Franchisor in writing for use at the Outlet (the "POS System"). The POS System must always be powered on and connected to a dedicated high-speed communications medium specified by Franchisor, capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, accessing the Internet in the manner designated by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee must obtain and maintain an annual maintenance agreement with the manufacturer or distributor of the POS System. The POS System must be electronically linked to Franchisor. Franchisor may electronically access the POS System and any of Franchisee's Internet domain names or email addresses on a daily or other basis at such times and in such manner as determined by Franchisor, with or without notice, to retrieve such transaction information including customer, sales, sales mix, usage and other operations data as Franchisor deems appropriate. Franchisee must ensure that only adequately trained employees conduct transactions using the POS System. Within a reasonable time upon Franchisor's request, Franchisee must apply for and maintain debit cards, credit cards or other non-cash systems existing or developed in the future to enable customers to purchase BODYROK Services via such procedure, as specified by Franchisor. Franchisor may require Franchisee to add to, update, upgrade or replace the POS System, including hardware or software, periodically upon written notice; however, Franchisee will not be required to replace the POS System any more frequently than once every three years (unless the POS System has been impaired by actions of Franchisee or Franchisee's employees). The POS System must also be configured and enabled to send daily, weekly or monthly sales and other reports to the email address provided by Franchisor.

(b) In addition to the POS System, Franchisee may be required to purchase, use and maintain a personal computer system (including all related hardware and software) as specified in the Confidential Operations Manual or otherwise by Franchisor in writing for use in connection with the Outlet (the "Computer System"). Franchisor requires Franchisee to maintain an e-mail account for the Franchised Business and always connect the Computer System to a dedicated high-speed communications medium Franchisor specifies, capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, in the manner Franchisor designates in the Confidential Operations Manual or otherwise in writing. Franchisee must obtain all software and hardware, including digital still and video cameras, as Franchisor may specify to enable Franchisee to provide ample security against viruses, send and receive e-mail, contact and track customers, perform accounting functions, perform marketing and access and transmit to Franchisor digital photos and streaming video or other multimedia signals and information to and from the Outlet, in the form and manner prescribed by Franchisor. Franchisee must purchase any additions, upgrades, enhancements or replacements to the Computer System or hardware and software as Franchisor may periodically require upon 30 days written notice; provided however Franchisee will not be required to replace the Computer System any more frequently than once every three years. Franchisor may access the Computer System on a daily or other basis at such times and in such manner as determined by Franchisor, with or without notice, to retrieve files and data stored therein relating to the Outlet and the Franchised Business.

(c) Franchisor may designate the computer software to be used in the operation of the POS System and Computer System ("Designated Software"). If Franchisor does so, Franchisee must license or sublicense such Designated Software from Franchisor's designee and enter into a software license agreement on the software licensor's then-current form and pay any related license or maintenance fees. Franchisee may also be required to purchase any upgrades, enhancements or replacements to the Designated Software. Franchisee must incorporate any required modifications or additions within 30 days after receiving written notice from Franchisor, unless a longer time period is stated in the notice. Franchisor may require Franchisee to purchase and use additional software programs, platforms and/or applications at any time upon 30 days written notice.

(d) Franchisee may not install, and must prohibit others from installing, unauthorized software on the POS System and the Computer System. Franchisee must take all commercially reasonable measures to ensure no malicious code, malware or other unauthorized code or software is installed on, or transmitted by, the POS System or the Computer System. Franchisee must always communicate to Franchisor all passwords, access keys and other security devices or systems necessary to permit Franchisor to access the POS System and Computer System and obtain the data Franchisor is permitted to obtain under this Agreement, including accounting, sales, marketing, client and other information to assist in and support the operation of the Franchised Business.

(e) All information on the POS System and Computer System, including Customer Data and contact information, is Franchisor's property and Franchisee consents to Franchisor using this information in any way Franchisor sees fit, including to market other products and services not constituting BODYROK Services or other products and services specifically authorized by Franchisor.

(f) Franchisor may disclose information relating to Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data to future prospective franchisees.

(g) Franchisor will provide Franchisee with, or require Franchisee to use Franchisor's designated vendor to obtain, e-mail addresses with the bodyrok.com domain name for Franchisee's use solely in connection with the operation of the Franchised Business only, and for no other purpose. Franchisee acknowledges and agrees that it will not own these e-mail addresses or domain name and its rights to use such e-mail addresses will immediately cease upon the expiration or termination of this Agreement. Franchisee agrees to pay Franchisor the then-current fees charged by Franchisor's designated vendor, as set forth in the Manual or otherwise, for each e-mail address assigned to Franchisee.

8.5 Maintenance, Upgrades and Refurbishments to the Outlet.

(a) At all times during the term of this Agreement, Franchisee agrees that it shall maintain the interior and exterior of its Outlet, and to keep and maintain all products, premises, equipment, furniture, decorations, signs and appurtenances in or at the Outlet in the highest degree of cleanliness, maintenance, condition and repair. Franchisee may make no material alteration, addition, replacement or improvement in or to the interior or exterior of the Outlet without the prior written consent of Franchisor. Franchisor requires Franchisee to maintain and periodically refurbish the Outlet to conform to the then-current building design, Trade Dress, and color schemes then applicable for an Outlet. Such maintenance and refurbishment may require expenditures by Franchisee on, among other things, structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements and such modifications as may be necessary to comply with System-wide standards then in effect for Outlets or to accommodate new BODYROK Services. Franchisee must (i) maintain all BODYROK Pilates Machines and other equipment and furnishings used at the Outlet in good working order, excellent condition and repair, making replacements or repairs as needed at Franchisee's cost, (ii) immediately and completely resolve to Franchisor's satisfaction any maintenance deficiencies Franchisor identifies and (iii) make all upgrades to equipment and any technology used in the Outlet that Franchisor may require. Franchisee shall only use Franchisor or approved vendors to repair the BODYROK Pilates Machines at Franchisee's cost. Franchisee shall be responsible for all repair and replacement costs due to any damage to the BODYROK Pilates Machines.

(b) Franchisor may periodically require Franchisee to update the Trade Dress used at the Outlet. Such updates will be contained in the Confidential Operations Manual or otherwise provided to Franchisee in writing. Such updates may require Franchisee to install new color schemes, logos, signage or other visual elements. Franchisor anticipates that such Trade Dress updates will be required no more frequently than once every five years.

8.6 Relocation of Franchisee's Outlet.

(a) If Franchisee desires to relocate its Outlet, Franchisee may do so provided that not less than 90 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice must be given as soon as possible), Franchisee makes a written request for consent to relocate, describing the reasons for the relocation and providing complete written details respecting any proposed new location.

(b) Within 20 business days after receiving Franchisee's request, Franchisor will either approve or disapprove in writing such closure or relocation. If Franchisor disapproves a proposed relocation, Franchisee may request an alternative proposed new location for Franchisee's Outlet pursuant to the provisions of this section 8.6.

(c) Franchisee's new lease must contain the provisions set forth in section 7.2(f) above.

8.7 Record Keeping and Reporting Requirements.

(a) Not later than 10 business days after Franchisor requests them or on a monthly or other continuing basis as Franchisor may require, Franchisee must submit to Franchisor financial or statistical reports, records, statements or information as required in the Confidential Operations Manual or otherwise by Franchisor in writing. All financial or statistical information Franchisee provides to Franchisor must be accurate and correct in all material respects.

(b) Within 90 days after the end of each of Franchisee's fiscal years (or any permitted extension for filing same), Franchisee must submit to Franchisor a copy of the Schedule C or equivalent portion of Franchisee's federal tax return that relates to the Outlet and Franchisee's operation of the Franchised Business. Franchisor agrees to maintain the contents of the Schedule C or equivalent portion of Franchisee's tax returns in strict confidence and not to disclose them to any third party without Franchisee's express written consent.

(c) On the Effective Date (and any time thereafter that this date changes), Franchisee must notify Franchisor of Franchisee's fiscal year end date.

(d) Franchisor has the right to use any financial or statistical information Franchisee provides to Franchisor, as Franchisor deems appropriate, including sharing the information with potential investors in Franchisor, buyers of Franchisor, lenders, attorneys, accountants and advisors on a need to know basis and with an acknowledgment by them the information is only being provided in connection with the transaction between Franchisor and the disclosee and is not for public dissemination. However, Franchisor will not identify Franchisee as the source of the information, and will not disclose any of this information except (i) with Franchisee's written consent, (ii) as required by law or compulsory order or (iii) in connection with audits or collections under this Agreement. Notwithstanding the forgoing, however, Franchisor may disclose without Franchise's consent information relating to Franchisee's operation of the Franchised Business, including, but not limited to, Gross Revenues, customer counts, and other related data to future prospective franchisees.

(e) Franchisee must maintain and preserve all books, records and accounts of or relating to the Franchised Business for at least five years after the close of the fiscal year to which the books records and accounts relate.

8.8 Signs and Display Materials.

(a) All signs, display materials, and other materials containing the Marks must be in full compliance with the specifications provided in, and in conformity with, the Confidential Operations Manual or as otherwise specified by Franchisor. Franchisor will designate or approve the suppliers of such signs, display materials and other materials containing the Marks in accordance with Confidential Operations Manual guidelines or as otherwise specified by Franchisor.

(b) Subject to applicable governmental ordinances, regulations and statutes, Franchisee agrees to post and maintain, at the Outlet, entirely at Franchisee's expense, any minimum signage recommended by Franchisor. Any signage containing the Marks will be designed by a vendor Franchisor designates and manufactured by a vendor Franchisor designates or approves.

8.9 Telephone Numbers.
Franchisor will obtain and maintain all telephone numbers (toll-free and otherwise) for Franchisee's Outlet and used by System customers to place orders for delivery or pick up of BODYROK Services at Franchisee's Outlet. Franchisee must promptly reimburse Franchisor upon demand for the portion of the monthly invoice for telephone services relating to Franchisee's Outlet. Franchisee may not obtain in its name, nor advertise or list in any directory, a separate telephone number for Franchisee's Outlet.

8.10 Insurance.

(a) Franchisee must have in effect on the Opening Date and maintain during the term of this Agreement comprehensive general liability insurance, automobile insurance, and other insurance legally required for Franchisee to operate Franchisee's business at the Outlet (*i.e.*, workers' compensation insurance) or reasonably prudent for the Franchised Business. Required coverage, policy coverage limitations and other terms relating to insurance will be set forth in the Confidential Operations Manual. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII which are authorized to do business in the state where Franchisee's Outlet is located, unless otherwise approved in writing by Franchisor. Any policies of insurance maintained by Franchisee must contain a separate endorsement naming Franchisor and Exercise Technologies LP (and Franchisor's other affiliated companies identified by Franchisor in writing), and their respective shareholders, members, managers, directors, officers, employees, and agents, as additional insureds to the full extent of coverage provided under the insurance policies. Franchisee's insurance coverage will be primary as respects Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents. Any insurance or self-insurance maintained by Franchisor, the Owner of the Marks, and other affiliated companies identified by Franchisor in writing, and their respective shareholders, members, managers, directors, officers, employees, and agents will be excess of Franchisee's insurance and will not contribute with it. Franchisee must provide Franchisor a copy of the policy and endorsement upon issuance and upon every renewal. Franchisee hereby grants Franchisor a waiver of any right of subrogation which any insurer of Franchisee may acquire against Franchisor by payment of any loss under insurance. This provision applies regardless of whether Franchisor has received a waiver of subrogation endorsement from the insurer. Franchisee's obligation to obtain and maintain the foregoing policies of insurance in the amount specified will not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor will Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in section 16.2 of this Agreement. Franchisee's insurance procurement obligations under this section 8.10 are separate and independent of Franchisee's indemnity obligations under section 16.2 of this Agreement.

(b) Within 30 days after the Opening Date and promptly after each succeeding anniversary of the Opening Date, Franchisee must promptly notify Franchisor of all claims against Franchisee or Franchisor under said policies of insurance and deliver to Franchisor a certificate evidencing such insurance is in full force and effect. Such insurance certificate must contain a statement to the effect the certificate cannot be canceled without 30 days (10 days for non-payment) prior written notice to Franchisee and to Franchisor. Franchisee must notify Franchisor in writing immediately if there is any cancellation, non-renewal or reduction in coverage or limits.

(c) Franchisee's failure, for any reason, to procure and maintain the insurance coverage required under this Agreement will be a material breach of this Agreement.

8.11 Review and Inspection.

(a) Franchisor has the right to send representatives at reasonable intervals at any time (announced or unannounced) during normal business hours to Franchisee's Outlet (or any other facility from which Franchisee sells BODYROK Services or any other offices relating to Franchisee's operation of the Outlet or conduct of the Franchised Business) to review and inspect Franchisee's operations, business methods, service, management and administration at the Outlet or relating to the Franchised Business, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Confidential Operations Manual and to ensure Franchisee is in compliance with System standards prescribed by Franchisor.

(b) Franchisor and its designated agents also have the right upon 10 days prior notice to examine, copy and audit the books and records relating to the Outlet and Franchisee's operation of the Franchised Business. If an examination or audit discloses any underpayment of any fee, Franchisee must promptly pay the deficient amount plus interest calculated daily from the due date until paid at an APR of 18% or the maximum interest rate permitted by law, whichever is less. If an examination or audit discloses an underpayment or understatement of any amount due Franchisor by 2% or more for any month within the period of examination or for the entire period of examination, or if the examination or audit is made necessary by Franchisee's failure to furnish required information or documents to Franchisor in a timely manner, or it takes Franchisor's auditors an unreasonable amount of time (more than eight hours) to assemble Franchisee's records for audit, Franchisee must reimburse Franchisor for the cost of having Franchisee's books and records examined or audited (this remedy will be in addition to any other rights or remedies Franchisor has under this Agreement or otherwise, including Franchisor's right to terminate this Agreement). If an examination or audit reveals an understatement by Franchisee of five percent (5%) or more for any calendar year, then in addition to paying the additional amounts due, interest as calculated above and the cost of the audit or examination for the entire period of examination, Franchisee's understatement will constitute a material and incurable breach of this Agreement which will entitle Franchisor to terminate this Agreement immediately upon notice to Franchisee, with no opportunity to cure. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement or at law or in equity. The terms of this Section 8.11 shall survive the expiration or termination of this Agreement.

(c) Franchisor may also perform all or part of an audit, financial review or inspection by asking Franchisee to send Franchisee's business records to Franchisor and Franchisee must send to Franchisor, at Franchisee's expense, all such documents and items that Franchisor requests within a reasonable time set forth in any such request, but in no event later than thirty (30) days from the date of the request.

(d) Franchisee must fully cooperate in permitting Franchisor's representatives to access Franchisee's Outlet (or any other facility from which Franchisee sells BODYROK Services or any other offices relating to Franchisee's conduct of the Franchised Business) during normal business hours to conduct reviews and inspections, and to render such assistance as Franchisor's representatives may reasonably request. Upon notice from Franchisor or Franchisor's representatives, Franchisee must immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection. Franchisor's representatives may re-inspect Franchisee's Outlet (or other facility, if applicable) to ensure noted deficiencies have been corrected. If the deficiencies have not been corrected, Franchisor's representatives may make additional re-inspections until noted deficiencies have been corrected.

8.12 Compliance with Laws.

(a) Franchisee must always (i) operate the Outlet and the Franchised Business in compliance with all applicable laws, rules and regulations of applicable government authorities, (ii) comply with all applicable wage, hour and other laws and regulations of federal, state or local governments, (iii) prepare and file all necessary tax returns, and (iv) pay promptly all taxes imposed upon Franchisee or upon Franchisee's business or property. Franchisee represents and warrants it will obtain and always maintain the permits, certificates or licenses necessary to operate the Outlet and conduct the Franchised Business in the city, county and state where the Outlet is located.

(b) Franchisee must immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification must include all relevant details in respect thereof, according to the procedures set forth in the Confidential Operations Manual.

8.13 Web Site and Internet Marketing.

(a) During the term of this Agreement, Franchisee will use the BODYROK website and any other Internet or social media sites only as specifically authorized by Franchisor in the Confidential Operations Manual or otherwise in writing to market the Franchised Business conducted at Franchisee's Outlet and in the Territory. Franchisee shall not, without obtaining Franchisor's prior written consent, which Franchisor may withhold for any or no reason (i) establish an independent website or social networking media outlet, account or page dedicated to marketing the Franchised Business, or (ii) register an Internet domain or social networking media outlet, account or page name using any of the Marks. If Franchisor consents to any Internet or other electronic medium advertising, then Franchisee may only advertise, market and promote the Outlet and the Franchised Business and use or display the Marks in the manner and under the standards and procedures set forth by Franchisor in the Confidential Operations Manual or as stated elsewhere by Franchisor in writing. In addition, if Franchisor consents to Franchisee's establishment of a social media account on any social media site (including, YouTube, Twitter, Instagram, Facebook, Blogger, LinkedIn, Flickr, Tik Tok, Tripadvisor, Wikipedia, Yelp or other communication or social media platforms) to advertise and promote the Outlet and the Franchised Business, then Franchisee shall operate and maintain the account and site in accordance with Franchisor standards and procedures as set forth in the Confidential Operations Manual or as stated elsewhere by Franchisor in writing. Franchisee shall add Franchisor as an account administrator with full and unlimited access to control the content displayed, published or posted on such sites and, upon request, shall provide Franchisor with Franchisee's current account IDs, user names and passwords. Franchisee understands and agrees that upon expiration or termination of this Agreement, Franchisor shall have the absolute and unconditional right, in its sole discretion, to permanently close, delete, take exclusive control over, or transfer any social media accounts that Franchisee established to market, advertise and promote the former Franchised Business.

(b) Franchisee shall not, without Franchisor's prior written approval, use, participate in or offer any classes or other BODYROK Services and related products on any third party fitness platforms including, but not limited to, ClassPass, Jet Sweat, NetGyms, Slack, FitGrid, etc). Franchisee shall also not use Mailchimp or any similar marketing platform or email marketing service without Franchisor's prior written approval.

(c) Any alternative distribution methods and programs Franchisee would like to use to engage in the Franchised Business, including e-commerce, web sites, Internet sub-dealers, telesales and telemarketing, or any other non-retail method of distribution, is subject to Franchisor's prior written approval, which approval will be in Franchisor's sole discretion.

8.14 Intranet.

(a) Franchisor may, at Franchisor's option, establish and maintain an "Intranet" through which BODYROK franchisees may communicate, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Confidential Operations Manual, updates thereto and other confidential information. Franchisor has full discretion and control over all aspects of any such Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Franchisee.

(b) If establishes an Intranet, Franchisee must use it in strict compliance with the standards and specifications, protocols and restrictions Franchisor establishes regarding such use. Such standards and specifications, protocols and restrictions may provide, restrict or otherwise relate to (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among BODYROK franchisees endorsing or encouraging breach of any BODYROK franchise agreement, or other agreement with Franchisor or Franchisor's affiliates, (iii) confidential treatment of materials Franchisor transmits via the Intranet, (iv) password protocols and other security precautions, including limitations on the number and types of employees who may be granted access to the Intranet, (v) grounds and procedures for Franchisor's suspending or revoking Franchisee's access to the Intranet, and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that BODYROK franchisees post to the Intranet. Franchisee acknowledges Franchisor, as administrator of the Intranet, can access and view any communication that any person posts on the Intranet. Franchisee further acknowledges the Intranet facility and all communications posted to it are Franchisor's property, free of any claims of privacy or privilege Franchisee or any other person may assert.

(c) Franchisee must establish and continually maintain (during all times that the Intranet is operational and until the termination of this Agreement) an electronic connection (the specifications of which will be specified in the Confidential Operations Manual) with the Intranet allowing Franchisor to send messages to and receive messages from Franchisee, subject to Franchisor's standards and specifications.

8.15 Franchise Advisory Council.
At its option, Franchisor may establish a franchise advisory council (the "FAC") composed of franchisees of the System. In addition to other functions requested by Franchisor, the FAC would serve as a representative committee for franchisees of the System and facilitate and coordinate the sharing of information and ideas between franchisees of the System and Franchisor. If appointed or elected to do so, Franchisee (or Franchisee's designee) must, at Franchisee's own expense, participate as a member of the FAC. Franchisor reserves the right to set reasonable standards for appointment or election to the FAC and Franchisee acknowledges if Franchisor establishes the FAC, Franchisee may be required to pay a fee or otherwise contribute to the FAC as the FAC leadership may require. Franchisee acknowledges the role of the FAC is advisory only, and Franchisor is not obligated to implement the FAC's recommendations. Neither Franchisee nor Franchisee's designee will have the right to be appointed or elected (and if appointed or elected, to continue) to serve on the FAC if Franchisee is in material breach of this Agreement or is not current in its financial obligations to Franchisor, Franchisee's landlord, suppliers and vendors.

8.16 Customer Data.
Franchisee shall maintain a current customer list containing as to all past, present and prospective customers of the Franchised Business, such customer's name, address, telephone number, zip code, e-mail addresses, social media information, and such other information Franchisor may require as set forth in the Manual, including all customer information and data contained in the required POS System ("Customer Data"). Franchisee shall also maintain the Customer Data in the form and manner that Franchisor requires as set forth in the Manual. During the term of this Agreement, Franchisee has a royalty-free, non-exclusive right to use the Customer Data, and any of the information contained therein or derivable therefrom, provided such use is consistent with this Agreement and solely for the purpose of promoting the Outlet and the Franchised Business. Notwithstanding that it may have been created and maintained by Franchisee, the Customer Data is, and remains, Franchisor's exclusive property, as is all information pertaining to the Franchised Business's customers and potential customers that Franchisee may collect, compile or maintain. After the expiration or termination of this Agreement, for any reason, Franchisee may not use or disclose the Customer Data or any other information pertaining to the Franchised Business's customers and potential customers, or any of the information contained therein or derivable therefrom without Franchisor's written prior authorization. Franchisee must provide Franchisor copies of all Customer Data upon request. Franchisee must abide by all applicable laws pertaining to the privacy of consumer transaction information and if Franchisor permits Franchisee to use the Customer Data to transmit advertisements to customers and potential customers, Franchisee will be solely responsible for complying with the laws pertaining to the sending of emails or other transmission of information, including any anti-spam legislation.

IX. PROPRIETARY MARKS

9.1 License of the Marks.

(a) Franchisor hereby grants Franchisee the right during the term hereof to use and display the Marks and use Franchisor's Intellectual Property in accordance with the provisions contained in this Agreement and in the Confidential Operations Manual, solely in connection with Franchisee's operation of the Franchised Business at the Outlet, in the Territory. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use and display or permit the use or display of trademarks, trade names, service marks, insignias, or logo types other than the Marks and other trademarks and service marks approved for use by Franchisor in connection with the Franchised Business. Neither Franchisee nor any Principal Equity Owner nor any employee, agent, or representative thereof may use or display the Marks and Intellectual Property in connection with the operation of any business or other activity outside the scope of the Franchised Business. Franchisee may only use the Marks and Franchisor's Intellectual Property on the Internet or other electronic media in the manner and as specifically authorized by Franchisor in the Confidential Operations Manual or otherwise in writing. Franchisee agrees to be responsible for and supervise all of Franchisee's employees and agents to insure the proper use of the Marks and Franchisor's Intellectual Property in compliance with this Agreement.

(b) Franchisee acknowledges and agrees (i) Franchisee's use of the Marks and Franchisor's Intellectual Property is a temporary authorized use under this Agreement, (ii) the Owner of the Marks retains all ownership interests in the Marks, and (iii) Franchisor and the Owner of the Marks retain all ownership of the goodwill generated by the Marks and Franchisor's Intellectual Property. Franchisee acknowledges the use of the Marks and Franchisor's Intellectual Property outside the scope of the terms of this Agreement without Franchisor's prior written consent is an infringement of the Owner of the Marks' and Franchisor's exclusive right, title and interest in and to the Marks. Franchisee agrees as between Franchisee and Franchisor, all rights to use the Marks and Franchisor's Intellectual Property within the franchised System are Franchisor's exclusive property. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof because of Franchisee's use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Trade Dress, Confidential Operations Manual and Franchisor's other manuals, bulletins, instruction sheets, forms, methods of operation and goodwill are and, as between Franchisee and Franchisor, remain vested solely in Franchisor, and the use thereof is only co-extensive with the term of this Agreement.

(c) Franchisee agrees during the term of the Franchise, and after any assignment, expiration or termination of the Franchise, Franchisee will not, directly or indirectly, commit an act of infringement or contest or aid others in contesting the validity, distinctiveness, secondary meaning, ownership or enforceability of the Marks or Franchisor's Intellectual Property or take any other action in derogation of the Marks and Franchisor's Intellectual Property, and that no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Marks or Franchisor's Intellectual Property.

(d) Franchisee hereby grants Franchisor the right at any time to use the name, image and likeness of Franchisee and all Principal Equity Owners for commercial purposes in connection with the marketing and promotion of the Marks, Franchisor's Intellectual Property, BODYROK Services, the Outlet, the Franchised Business and the System, without any form of compensation or remuneration. Franchisee also agrees (i) to have any affected employee of Franchisee who is not a Principal Equity Owner sign a release (in the form contained in the Confidential Operations Manual) authorizing Franchisor to also use his or her name, image and likeness for the purposes described in this section 9.1(d), without compensation or remuneration, and (ii) to provide Franchisor with a copy of such signed release. The terms of this section 9.1(d) survive termination or expiration of this Agreement.

[Franchisee's Initials: _______]

(e) Franchisee acknowledges Franchisor prescribes uniform standards respecting the nature and quality of BODYROK Services provided by Franchisee in connection with which the Marks are used. Nothing herein gives Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same and Franchisee agree that all of Franchisee's use of the Marks under this Agreement inures to Franchisor's benefit and the benefit of the Owner of the Marks.

(f) Franchisee agrees that all materials associated with Franchisor, BODYROK Services or other services, artwork, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with, the Marks which may be created by Franchisee, Franchisee's employees, agents and subcontractors and any other party with whom Franchisee may contract to have such materials produced pursuant to this Agreement will become the sole property of Franchisor and the Owner of the Marks, including copyright and trademark rights. In furtherance thereof, Franchisee hereby and irrevocably assigns to Franchisor all such materials, artwork, graphics, layouts, slogans, names, titles, text or similar materials, whether presently or hereafter existing. Furthermore, Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors, and any other party with whom Franchisee may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Franchisee acknowledges and agrees that as between Franchisee and Franchisor, all Suggestions (and all Intellectual Property Rights in and to the Suggestions) are owned exclusively by Franchisor, except as otherwise set forth herein. Franchisee's Suggestions will not entitle Franchisee to any Intellectual Property Rights in and to the System and the System will not become a joint work of authorship because of Franchisee's Suggestions under any circumstances. Franchisee's Suggestions will be considered as a "work for hire" (as defined under the United States Copyright Act), and such Suggestions will be owned by and for the benefit of Franchisor. To the extent that any such Suggestions by Franchisee may not constitute a work for hire, Franchisee hereby grants, assigns and transfers all right, title and interest in and to such Suggestions, including all rights in and to the Intellectual Property therein, to Franchisor and agrees to execute all further documents and do all things reasonably required by Franchisor to effect and record such assignment. If Franchisee has any such rights that cannot be assigned to Franchisor, Franchisee waives the enforcement of such rights, and if Franchisee has any rights which cannot be assigned or waived, Franchisee hereby grants to Franchisor an exclusive, irrevocable, perpetual, worldwide, fully paid license (with right to sublicense through multiple tiers) to such rights. Franchisee acknowledges there are, and may be, future rights that Franchisee may otherwise become entitled to with respect to the Suggestions not yet existing, as well as new uses, media, means and forms of exploitation throughout the universe exploiting current or future technology yet to be developed, and Franchisee specifically intends the foregoing assignment of rights to Franchisor will include all such now known or unknown uses, media, and forms of exploitation throughout the universe.

(g) If necessary, Franchisee agrees to join with Franchisor and share the expenses in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks with any appropriate governmental agency or entity. Upon termination, expiration or cancellation of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee hereby consents to the cancellation and agrees to join in any cancellation petition. Franchisee will bear the expense of any cancellation petition.

9.2 Franchisee's Business Name.

(a) In connection with Franchisee's operation of the Outlet, Franchisee agrees at all times and in all advertising, promotions, signs and other display materials, on Franchisee's letterheads, business forms, and at the Outlet and other authorized business sites, in all of Franchisee's business dealings related thereto and to the general public, Franchisee will identify the Franchised Business solely under a trade name containing the Mark "BODYROK" and authorized by Franchisor ("Business Name") together with the words "INDEPENDENTLY OWNED AND

OPERATED" on Franchisee's letterhead, contract agreements, invoices, advertising and other written materials containing the Marks as Franchisor may direct.

(b) Franchisee must file and keep current a fictitious business name statement, assumed name certificate or similar document regarding Franchisee's Business Name in the county or other designated jurisdiction in which Franchisee is conducting business and at such other places as may be required by law. Before Franchisee commences engaging in the Franchised Business under the Marks, Franchisee must supply evidence satisfactory to Franchisor that Franchisee have complied with relevant laws regarding the use of fictitious or assumed names.

(c) On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

(d) Franchisee further agrees it will not identify itself as (i) Franchisor, (ii) a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Franchisor or the Owner of the Marks or (iii) any of Franchisor's other franchisees.

(e) If Franchisee is an entity, it cannot use the Mark "BODYROK" in its legal name.

9.3 Trade Secrets and Proprietary Information.

(a) Under this Agreement, Franchisor is granting Franchisee access to the Proprietary Information, and Franchisor's other confidential data and information. Franchisee acknowledges that the material and information now and hereafter provided or revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Confidential Operations Manual) are Franchisor's confidential trade secrets and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisee agrees that it will never, during the initial term or any renewal term of this Agreement, or at any time after this Agreement expires or terminates, divulge or use any Proprietary Information for the benefit of any other persons, partnership, proprietorship, association, corporation or entity. Franchisor expressly reserves all rights with respect to the Marks, Proprietary Information, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Confidential Operations Manual. Franchisor will disclose to Franchisee certain Trade Secrets as reasonably needed for the operation by Franchisee of the Franchised Business by loaning to Franchisee, for the term of this Agreement, the Confidential Operations Manual and other written materials containing the Trade Secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee, its Principal Equity Owners, all other owners, and its General Manager may divulge only Proprietary Information necessary to operate the Franchised Business, and only to those of Franchisee's employees, agents or independent contractors who need access to it for this purpose.

(b) Franchisee acknowledges that Franchisor is the sole owner of all Proprietary Information, including the Trade Secrets; that such information is being imparted to Franchisee only because of Franchisee's special status as a franchisee of the System; and that the Proprietary Information is not generally known to Franchisor's industry or the public at large and is not known to Franchisee except by reason of such disclosure. Franchisee further acknowledges that Franchisee will acquire no interest in the Proprietary Information disclosed to Franchisee, other than the right to use it in the development and operation of the Outlet during the term of this Agreement.

(c) Franchisee agrees it will not do or permit any act or thing to be done in derogation of any of Franchisor's rights in connection with the Marks, either during the term of this Agreement or thereafter, and it will use the Marks only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and Franchisee's employees and agents will not engage in any act or conduct impairing the goodwill associated with the Marks.

(d) Franchisee agrees to indemnify and hold harmless Franchisor from all "Losses" (as defined in section 16.2(d) below), which Franchisor may sustain as a result of any unauthorized use or disclosure of Proprietary Information or Marks by Franchisee or its employees and agents. Franchisee further agrees and acknowledges that the disclosure or use of Proprietary Information or Marks in a manner not authorized by this Agreement will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such unauthorized disclosures or use without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other form of security is required to obtain such equitable relief and Franchisee hereby consents to the issuance of such injunction and to the ordering of specific performance. Franchisee further agrees and acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(e) 18 U.S.C. Section 1833(b) states: "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Accordingly, Franchisor and Franchisee will each have the right to disclose in confidence Trade Secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Franchisor and Franchisee also have the right to disclose Trade Secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. Section 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. Section 1833(b).

(f) Franchisee agrees to take all necessary precautions to ensure that its employees retain the Proprietary Information in confidence, including, but not limited to, requiring Franchisee's General Manager, and any other employee who has access to the Proprietary Information, to sign, at the time of employment, a Confidentiality Agreement in a form substantially the same as the agreement attached to this Agreement as Exhibit 4. Franchisee shall provide to Franchisor an executed copy of the Confidentiality Agreement for all of Franchisee's employees who need access to Confidential Information in connection with the operation of the Franchised Business and shall provide the executed agreement at the time each such employee is hired. Franchisee's confidentiality obligations under this Section shall survive the termination or expiration of this Agreement.

9.4 Modification of Marks and Trade Dress.
Franchisor may add to, substitute or modify any or all of the Marks or Trade Dress from time to time, by directive in the Confidential Operations Manual. Franchisee agrees to accept, use, display, or cease using, as may be applicable, the Marks and Trade Dress, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo types and commercial symbols, and agrees, within 30 days of receiving notification, to commence implementing such changes and using its best efforts to complete such changes as soon as practicable. If Franchisor requires Franchisee to add, modify, substitute or discontinue any or all of the Marks or Trade Dress, Franchisee agrees to bear the costs and expenses associated with any such changes. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.

9.5 Mark Infringement Claims and Defense of Marks.

(a) If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand, threatened or pending, against Franchisee by any party other than Franchisor, the Owner of the Marks or any of Franchisor's affiliates on account of any alleged infringement, unfair competition or similar matter arising from Franchisee's use of the Marks in accordance with the terms of this Agreement, or any misuse of the Marks by third parties on the Internet or otherwise, Franchisee agrees to immediately notify Franchisor of such claim, suit, demand or misuse. Franchisee has no power, right or authority to settle or compromise such claim, suit or demand by a third party or to intervene to stop misuse, without Franchisor's prior written consent. Franchisor will defend, compromise or settle at Franchisor's discretion any such claim, suit or demand and take steps to stop misuse at Franchisor's cost and expense, using attorneys selected by Franchisor or the Owner of the Marks, and Franchisee agrees to cooperate fully in such matters.

(b) Franchisor will indemnify Franchisee and hold Franchisee harmless from and against all judgments resulting from any claim, suit or demand arising from Franchisee's authorized and proper use of the Marks or Franchisor's Intellectual Property in accordance with the terms of this Agreement. Franchisor has the sole discretion to determine whether a similar trademark or service mark that is being used by a third party is confusingly like the Marks or Franchisor's Intellectual Property being used by Franchisee or constitutes a misuse of the Marks or Franchisor's Intellectual Property, and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark or misuse.

(c) Franchisee hereby indemnifies Franchisor and holds Franchisor harmless from and against any and all judgments resulting from any claim, suit or demand arising from Franchisee's unauthorized and improper use of the Marks or Franchisor's Intellectual Property.

X. MARKETING AND PROMOTION

10.1 Use of Marketing and Promotion Fees.

(a) Franchisor will expend Marketing and Promotion Fees for the purposes of national, regional or local marketing, advertising, cooperative advertising, market research, public relations and promotional campaigns designed to promote and enhance the value of the Marks and general recognition and acceptance thereof. Franchisor will direct all such advertising, public relations and promotional campaigns or programs with sole control over the strategic direction, creative concepts, materials and media used in the programs, and the geographic, market and media placement and allocation of advertising. Franchisor shall be entitled to a 15% administrative fee from the Marketing and Promotion Fees collected each fiscal year. None of the Marketing and Promotion Fees will be deemed to be held subject to any type of trust arrangement and Franchisor is not a fiduciary in any capacity. No interest on unexpended Marketing and Promotion Fees will be imputed for Franchisee's benefit or payable to Franchisee. Franchisee acknowledges that Marketing and Promotion Fees are intended to further generate public recognition and acceptance of the Marks for the benefit of the System and to promote and enhance the image, identity or patronage of BODYROK Outlets. Franchisee further acknowledges that Franchisor and its designees undertake no obligation in administering Marketing and Promotion Fees to make expenditures for advertising or promotions for the benefit of Franchisee which are in anyway equivalent or proportionate to Franchisee's contributions, or to ensure that any particular franchisee benefits directly or on a pro rata basis from the placement of advertising or to ensure that any advertising impacts or penetrates Franchisee's Territory at any level.

(b) Marketing and Promotion Fees may but are not required to be used to meet any and all costs of administering, directing, preparing, placing and paying for national, regional or localized advertising (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper advertising campaigns and other public relations activities), public relations, promotional campaigns or programs, and employing advertising and promotional agencies or other advisors, including in-house employees or independent contractors, to assist in or perform advertising, marketing and/or promotional related activities; paying interest on monies borrowed from Marketing and Promotion Fees from third parties unaffiliated with Franchisor; providing customer service comment cards to BODYROK Outlets; paying for the cost of maintaining, administering, directing and preparing secret shopper initiatives and rewards programs; market research, market studies and customer satisfaction surveys, including the use of secret shoppers; website, extranet and/or Intranet development, implementation and maintenance; development, implementation and maintenance of a website that permits electronic commerce, reservation system and/or related strategies; public relations and community involvement activities and programs; stadium promotion marketing fees; purchasing artwork and other components for advertising; conducting market research; creative development, preparation, production and placement of video, audio and written materials, electronic media and other marketing or promotional materials; sponsorship of sporting, charitable or other special promotional events, if Franchisor chooses to do so at its sole discretion; and any reasonable administrative costs and overhead that Franchisor may incur in activities reasonably related to the administration of Marketing and Promotion Fees or direction of advertising programs, including, without limitation, bank fees; collecting and accounting for assessments for Marketing and Promotion Fees; and, other costs and overhead Franchisor incurs. Franchisor need not maintain Marketing and Promotion Fees or income earned therefrom in a separate account from the other funds of Franchisor, but Franchisor may not use these amounts for any purposes other than those provided for in this Agreement. Franchisor will have no obligation to prepare or distribute to Franchisee any audited (or unaudited) statements detailing Marketing and Promotion Fee income and expenses. If Franchisee sends Franchisor a written request, Franchisor will provide Franchisee with an accounting of the expenditures of Marketing and Promotion Fees during the last fiscal year within a reasonable time after Franchisor receives Franchisee's request, but never earlier than forty-five (45) days from when such information is made available.

(c) Franchisor may also spend Marketing and Promotion Fees collected from Franchisee and all other System franchisees for initiatives Franchisor approves, which may include branding and marketing studies, initiatives and research; test marketing new products or concepts; franchisee compliance with System standards and practices through a "mystery shopper" program; the development of marketing strategies, tools, initiatives, and materials; public relations; market research; annual conferences (excluding the expenses of Franchisor's principals and employees to travel to such conferences); and occasional selective regional and local advertising.

(d) Franchisor expects to expend most Marketing and Promotion Fee contributions, less the 15% administrative fee, for advertising purposes during the fiscal year when the contributions are made. If Franchisor expends less than the total sum during any fiscal year, it may either expend the unused sum during the following fiscal year or roll it over to be used at the appropriate time as determined by Franchisor. If Franchisor expends an amount greater than the amount collected in any fiscal year (not including any sum required to be expended because Franchisor did not expend all the sums during the preceding year), Franchisor will be entitled to reimburse itself from contributions made during the next fiscal year or thereafter for all excess expenditures made during the preceding fiscal year.

10.2 Advertising Content and Costs.
Franchisor solely determines the cost, form of media, content, format, production, timing (including regional or local concentration and seasonal exposure), location and all other matters relating to use of Marketing and Promotion Fee contributions for local, regional or system-wide advertising, public relations and promotional campaigns.

10.3 Advertising Standards.
(a) Franchisee may only use advertising, identification and promotional materials and programs which Franchisor has either furnished or approved in writing in advance. Neither the fact that Franchisor furnishes the material, approves of the material, nor the material itself, will directly or indirectly require Franchisor to pay for any advertising, identification or promotion. Franchisee agrees to conduct all advertising which uses the Marks or refers in any way to the Outlet or the Franchised Business in a dignified manner. Franchisee agrees to conform all advertising to the standards, specifications and requirements specified in writing by Franchisor, in its Confidential Operations Manual, or otherwise.

(b) Franchisee must participate in all marketing, email, and other programs and promotions as may be developed by Franchisor, including the collection of Customer Data and participation in using and promoting any applications as Franchisor may develop and as directed in the Confidential Operations Manual or otherwise.

10.4 Submission of Proposed Advertisements, Identifications and Promotional Materials.
Except for advertising, identification and/or promotional materials furnished to Franchisee by Franchisor, Franchisee agrees to submit to Franchisor for approval, before use or dissemination, copies of all proposed local advertising and direct mail materials and all proposed identification and promotional materials or programs, following the required procedures for such submissions set forth by Franchisor in its Confidential Operations Manual or otherwise. Franchisor's approval of any materials may be withheld for any or no reason. If Franchisor does not respond within fifteen (15) days following its documented receipt of Franchisee's proposed advertising material, this will constitute approval.

XI. NON-COMPETITION COVENANTS

11.1 Exclusive In-Term Dealing.
(a) Franchisee acknowledges it will receive valuable specialized training and access to Proprietary Information, including information regarding the operational, sales, promotional and marketing methods and techniques of the System and Franchisor’s Trade Secrets. In consideration for the use and license of such valuable information, Franchisee agrees that it will not during the term of this Agreement operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareholder, manager, member, partner or otherwise), or engage in, any fitness business that offers Pilates classes or any other competing business selling goods or offering services equivalent to BODYROK Services or the Franchised Business (“Competitive Business”), without Franchisor’s express prior written consent, which consent may be withheld in Franchisor’s sole and absolute discretion.

(b) It is the intention of both Franchisee and Franchisor for Franchisee to maximize the Franchised Business at the Outlet or in the Territory, and any action of Franchisee diverting business to another entity or diminishing the Franchised Business being conducted at the Outlet or in the Territory will be a material breach of this Agreement. Accordingly, neither Franchisee nor any Principal Equity Owner or other owner may, either directly or indirectly, for itself and themselves, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity, (i) divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or (ii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

(c) During the term of this Agreement, Franchisee will not (a) knowingly solicit any current or former employee of Franchisor or its affiliates without the prior written permission of Franchisor or affiliate, or (b) solicit or otherwise attempt to induce (by combining or conspiring with, or attempting to do so), or influence in any other manner any of Franchisor's franchisees to compete against Franchisor or its affiliates.

11.2 Post Termination Non-Competition Covenants.

(a) For a period of two (2) years after the date ("Termination Date") this Agreement is terminated, is canceled, or expires without renewal pursuant to section 5.2 of this Agreement, or after the sale of the Franchised Business or any interest in Franchisee, Franchisee agrees it will not (either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, corporation or other entity) operate, manage, own, assist or hold an interest in (direct or indirect as an employee, officer, director, shareowner, partner, joint venture or otherwise), or engage in, a Competitive Business within a radius of 25 miles of (i) Franchisee's Outlet or (ii) any other authorized location selling BODYROK Services. Following termination or expiration of this Agreement, Franchisee must always refrain from any use or disclosure, direct or indirect, of any Proprietary Information or Trade Secrets.

(b) For a period of two (2) years after the expiration of termination of this Agreement, the sale of the Franchised Business or any interest in Franchisee, Franchisee will not (a) knowingly solicit any current or former employee of Franchisor or its affiliates without the prior written permission of Franchisor or affiliate, or (b) solicit or otherwise attempt to induce (by combining or conspiring with, or attempting to do so), or influence in any other manner any of Franchisor's franchisees to compete against Franchisor or its affiliates.

(c) If any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights under section 11.2(a) above, then the section will be deemed amended (or deleted) to conform to the requirements of such laws and regulations, but in such event (unless deleted) the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of the law or regulation.

11.3 General Provisions Regarding Non-Competition Covenants.

(a) It is the intention of the provisions in this Article XI to preclude not only direct competition but also all forms of indirect competition, such as engaging in any Competitive Business as an owner, partner, investor, shareholder, officer, director, principal, employee, agent, lender, lessor, broker, consultant, advisor, franchisor, franchisee, or in any other similar capacity whatsoever connected in any manner with the ownership, management, operation or control, or conduct of a Competitive Business, consultation for Competitive Businesses, leasing the existing Location to a Competitive Business, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor. Nothing herein will prevent you from owning for investment purposes up to an aggregate of 5% of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, and so long as you do not control the company in question.

(b) Franchisee agrees that the length of time in section 11.2(a) above will be tolled for any period during which Franchisee (or its Principal Equity Owners, other owners, or General Manager) is in breach of the covenants or any other period during which Franchisor seeks to enforce this Agreement.

(c) Franchisee acknowledges the restrictions contained in this Article XI are reasonable and necessary to protect Franchisor's legitimate interests, and in the event of violation of any of these restrictions, Franchisor is entitled to recover damages including, without limitation, Royalties, Marketing and Promotion Fees and other fees which would have been payable if such business were included in the Franchised Business (and to receive an accurate and complete accounting of all earnings, profits and other benefits arising from such violation), which rights and remedies will be cumulative and in addition to any other rights or remedies to which Franchisor is entitled at law or in equity.

(d) Franchisee agrees to indemnify and hold harmless Franchisor from all Losses (as defined in section 16.2) which Franchisor may sustain because of any breach of this Article XI by Franchisee, any Principal Equity Owner, other owner, or Franchisee's General Manager. Franchisee further agrees that a breach of the non-competition covenants set forth above will cause immediate and irreparable damage to Franchisor that would be impossible or inadequate to measure and calculate and could not be fully remedied by monetary damages. Accordingly, Franchisor has the right to specifically enforce this Agreement and seek injunctive or other equitable relief as may be necessary or appropriate to prevent such breach or continued breach without the necessity of proving actual damages by reason of any such breach or threatened breach of this Agreement. Franchisee further agrees that no bond or other security will be required in obtaining such equitable relief and hereby consent to the issuance of such injunction and to the ordering of specific performance. Franchisee further acknowledges that such remedies are in addition to any other rights or remedies, whether at law or in equity, which may be available to Franchisor, including monetary damages.

(e) This Article XI applies to Franchisee, all Principal Equity Owners, all other owners, and Franchisee's General Manager.

(f) Each provision of this Article XI is independent of each other provision of this Agreement. If any provision of this Article XI is held unreasonable or unenforceable by any court, agency or other tribunal of competent jurisdiction, Franchisee agrees to be bound to the maximum extent permitted by law with respect to that provision (which will be deemed restated accordingly) and agrees to be bound by all other provisions of this Article XI.

XII. ASSIGNMENT

12.1 Assignment by Franchisor.
Franchisor has the right to Transfer this Agreement and all of Franchisor's rights and privileges hereunder ("Assignment by Franchisor") to any other person, firm or corporation ("Franchisor's Assignee") provided that Franchisor's Assignee will expressly assume and agree to perform such obligations. Upon the effective date of the Assignment by Franchisor and thereafter, Franchisor will be relieved of all obligations or liabilities under this Agreement.

12.2 Assignment by Franchisee.

(a) This Agreement is being executed by Franchisor in reliance upon and in consideration of the unique skills and qualifications of Franchisee and the Principal Equity Owners and the trust and confidence reposed in them by Franchisor. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder, nor all or substantially all of the assets of the Outlet, nor a controlling or non-controlling interest in Franchisee (if an entity), may be assigned, transferred, shared or divided, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without Franchisor's prior written consent and, except for any transfer of a non-controlling interest, subject to Franchisor's right of first refusal provided for in section 12.3 hereof. Franchisor's consent to a specific Assignment by Franchisee is not cumulative and will not apply to any subsequent assignments, in respect of each of which Franchisee must comply with this section 12.2.

(b) Prior to any Assignment by Franchisee, Franchisee must notify Franchisor of Franchisee's intent to sell, transfer or assign the Franchise, all (or substantially all) the assets of the Outlet, or a controlling or non-controlling interest in Franchisee (if an entity). The notice must be in writing, delivered to Franchisor in accordance with section 16.1 hereof and include the following:

(i) the proposed transferee's name and address;

(ii) a copy of all agreements related to the sale, assignment, or transfer of the Franchise, the assets of the Outlet, or the controlling interest in Franchisee (if an entity); and

(iii) the proposed transferee's application for approval to become the successor franchisee (this application must include all forms, financial disclosures and related information generally used by Franchisor when interviewing prospective new franchisees. As soon as practicable after the receipt of the proposed transferee's application, Franchisor will notify, in writing, Franchisee and the proposed transferee of any additional information or documentation necessary to complete the transfer application.

(c) Within 60 days after the receipt of all necessary information and documentation required pursuant to section 12.2(b) above, or as specified by other written agreement between Franchisor and Franchisee, Franchisor will notify Franchisee of the approval or disapproval of the proposed Assignment by Franchisee. Should Franchisor elect not to exercise Franchisor's right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to the proposed Assignment by Franchisee will be deemed approved, unless disapproved by Franchisor in writing and for reasons permitted by the law governing this Agreement. If the proposed sale, assignment or transfer is disapproved, Franchisor shall include in the notice of disapproval a statement setting forth the reasons for the disapproval. Franchisor may impose, among other things, the following conditions precedent to Franchisor's consent to any such Assignment by Franchisee:

(i) the assignee of Franchisee ("Franchisee's Assignee") must complete Franchisor's application for a franchise, and in connection therewith, Franchisee and Franchisee's Assignee must fully disclose in writing all terms and conditions of the Assignment by Franchisee;

(ii) Franchisee's Assignee and the principal equity owners of Franchisee's Assignee demonstrate that it or they have the skills, qualifications, moral and ethical reputation, and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement;

(iii) Franchisee's Assignee and each principal equity owner of Franchisee's Assignee expressly assume in writing for Franchisor's benefit all of Franchisee's obligations under this Agreement;

(iv) Franchisee's Assignee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in Franchisor's sole discretion, for the initial term of the then current form of Franchise Agreement;

(v) Franchisee must have complied fully as of the date of any such Assignment by Franchisee with all of Franchisee's material obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

(vi) Franchisee's Assignee agrees (A) a General Manager successfully trained by Franchisor must at all times be employed to operate the Outlet and (B) Franchisor's Initial Training program described in section 6.1 hereof and any other training or orientation programs then required by Franchisor will be satisfactorily completed by other necessary personnel within 30 days after the execution by Franchisee's Assignee of a Franchise Agreement, provided, however, Franchisee's Assignee must also agree to pay for all expenses related to this training, including any fee Franchisor charges for training (at the rate in effect at the time of transfer), travel, lodging and meal expenses;

(vii) at least 10 days before the transfer, Franchisee pays Franchisor a non-refundable "Transfer Fee" of $5,000 (subject to adjustment in Franchisor's discretion based on corresponding changes in the CPI since the Effective Date);

(viii) the lessor or sublessor of the Outlet location consents in writing to the assignment of Franchisee's lease to Franchisee's Assignee;

(ix) as of the date of the assignment, the Franchisee has fully complied with all of its monetary and other obligations to Franchisor under this Agreement and any other agreement or arrangement with Franchisor;

(x) if the Franchise Agreement is being assigned, or the Franchised Business is being sold, the assignee executes a separate Franchise Agreement in the form and on the terms and conditions Franchisor then offers to prospective franchisees who are similarly situated (except that the assignee will not be obligated to pay another Initial Franchise Fee and the Royalties will be that specified in this Agreement). The term of the new Franchise Agreement will expire on the date of expiration of this Agreement. The execution of the new Franchise Agreement will terminate this Agreement, except for the guarantees of Franchisee, indemnification obligations, and the post-termination and post-expiration provisions under this Agreement;

(xi) the total sales price is not so excessive, in Franchisor's sole determination, that it jeopardizes the continued economic viability and future operations of the franchise;

(xii) Franchisee (and all shareholders of a corporate assignor, and all partners of a partnership assignor, and all proprietors of a proprietorship assignor) executes a general release, of any and all claims, demands and causes of action which Franchisee and its partners, proprietors, directors, officers, shareholders, executors, administrators and assigns (as the case may be) may or might have against Franchisor, and their respective officers, directors, shareholders, agents, attorneys, contractors and employees in their corporate and individual capacities including, without limitation, claims arising under federal, state and local laws, rules and ordinances;

(xiii) Franchisee's Assignee, at its expense, upgrades the Outlet to conform to the then-current standards and specifications of the System, and completes this upgrading within the time reasonably specified by Franchisor;

(xiv) Franchisee furnishes to Franchisor a copy of the executed purchase agreement and assignment;

(xv) Franchisee remains liable for all the obligations to Franchisor arising out of or related to this Agreement before the effective date of the transfer or assignment, and executes all instruments reasonably requested by Franchisor to evidence this liability; and

(xvi) Franchisee complies with the terms of the post-term covenants not to compete set forth in this Agreement, commencing on the effective date of the assignment, and the confidentiality obligations set forth in this Agreement.

(d) Franchisee does not have a right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever (except that with Franchisor's consent, which will not be unreasonably withheld, Franchisee may pledge a security interest in this Agreement in connection with a Small Business Administration loan), nor subfranchise or otherwise transfer, or attempt to subfranchise or otherwise transfer the Franchised Business, or to transfer or subfranchise a portion but not all of Franchisee's rights hereunder without Franchisor's express prior written consent, which may be withheld for any reason in Franchisor's sole discretion.

(e) Any attempt by Franchisee to assign the Franchise, all (or substantially all) the assets of the Outlet, or a controlling interest in Franchisee (if an entity) in violation of this section 12.2 is void and will (i) constitute a material breach of this Agreement, (ii) cause this Agreement (and in Franchisor's sole discretion any or all other agreements between Franchisee and Franchisor, or between Franchisee and Franchisor's affiliates) to be subject to immediate termination without further notice, and (iii) confer no rights or interest whatsoever under this Agreement upon any other party.

(f) Upon Franchisor's consent to any Assignment by Franchisee, Franchisee must bring all accounts with Franchisor current and transfer to Franchisee's assignee all service agreements or contracts signed by customers of the Franchised Business conducted at Franchisee's Outlet. Also, Franchisee must enter into an assignment of the lease for the Outlet premises (including an assignment to the assignee of Franchisee's rights, title and interest to telephone numbers and utilities respecting the Outlet).

12.3 Right of First Refusal.

(a) Except for a Transfer (i) to Franchisee's heirs, personal representatives or conservators in the case of death or legal incapacity as provided in section 12.6 hereof or (ii) between or among individuals (including their immediate family members) who have guaranteed obligations under an SBA guaranteed loan, Franchisee's right to Transfer Franchisee's entire interest in the Franchise granted by this Agreement under section 12.2 hereof is subject to Franchisor's right of first refusal, which will be exercised in accordance with the terms of this section 12.3.

(b) Franchisee must deliver to Franchisor a written notice setting forth (i) all terms and conditions of any *bona fide* offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning Franchisee's Assignee including a detailed summary of how the proposed assignee meets Franchisor's qualifications for a new BODYROK franchisee, and any other related information requested by Franchisor. If the specified terms and conditions include consideration of a non-monetary nature, such consideration must be expressed in reasonably equivalent monetary terms, and if it involves matters which cannot be stated in monetary terms, such consideration will not be considered in connection with Franchisor's right of first refusal.

(c) Within 15 days after Franchisor's receipt of such notice (or if Franchisor requests additional information, within 10 days after receipt of such additional information), Franchisor may either (i) consent or withhold Franchisor's consent to such Assignment by Franchisee, in accordance with section 12.2 hereof, or (ii) at Franchisor's option, accept the Assignment by Franchisee itself or on behalf of Franchisor's nominee upon the terms and conditions specified in the notice.

(d) If Franchisor elects not to exercise its right of first refusal and consents to the Assignment by Franchisee, Franchisee will for a period of 60 days, and subject to the provisions of section 12.2 hereof, be free to assign this Agreement to such proposed Assignee upon the terms and conditions specified in said notice. If, however, these terms are modified in any material manner (as determined by Franchisor), or if said 60-day period expires, Franchisor will again have such right of first refusal with respect thereto and Franchisee will again be required to comply with section 12.3(b) above. Detailed terms of assignment must be delivered to Franchisor no later than 72 hours following the close of escrow or other consummation of the transaction.

12.4 Transfers to Certain Family Members.
Franchisee or a Principal Equity Owner, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, transfer the Franchised Business or an equity interest in Franchisee's franchised entity to such person's immediate family member (defined as a spouse or person having equivalent rights under applicable federal or state law, parent, sibling, niece, nephew, descendant or spouse's descendant) provided a qualified and trained General Manager and Key Trainer remain employed at the Outlet or other adequate (in Franchisor's reasonable determination) provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 12.4 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(c)(vii) hereof. However, Franchisee must comply with sections 12.2(b) and (to the extent applicable) section 12.2(c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.5 Transfers to Affiliated Entities.
Franchisee or a Principal Equity Owner may without Franchisor's consent, but upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee's franchised entity to an entity that is (i) organized for the purpose of operating the Franchised Business and (ii) owned in the same proportionate amount of ownership as prior to such Transfer, provided a qualified and trained General Manager and Key Trainer remain employed at the Outlet or other adequate (in Franchisor's reasonable determination) provision is made for the management of the Franchised Business. No Transfer under this section 12.5 will be subject to Franchisor's right of first refusal set forth in section 12.3 hereof or the Transfer Fee set forth in section 12.2(c)(vii) hereof. However, Franchisee must comply with sections 12.2(b) and (c) above, as well as provide full disclosure of the terms of said transfer and deliver to Franchisor no later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction. Also, Franchisee acknowledges and agrees that any Transfer to an affiliate will not relieve the Franchisee from its obligations under this Agreement.

12.6 Transfers upon the Death or Incapacity of an Individual Franchisee or Majority Equity Owner.

(a) Notwithstanding the foregoing, in the event of Franchisee's death or legal incapacity if Franchisee is an individual, or the death or legal incapacity of a Principal Equity Owner of Franchisee owning a majority equity interest ("Majority Equity Owner") in Franchisee (if an entity), the transfer of Franchisee's or the deceased Majority Equity Owner's interest in this Agreement to his or her spouse, parent or adult children, will not be deemed Assignment by Franchisee, provided a qualified and trained General Manager remains employed at the Outlet or another responsible management employee or agent of Franchisee satisfactorily trained by Franchisor will be responsible for the Franchised Business.

(b) In the event of an individual Franchisee's death or the death of a Majority Equity Owner, such person's interest in this Agreement or its equity interest in the franchise entity must Transfer within 270 days after the date of death in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business. If Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other Principal Equity Owner capable of operating the Franchise, Franchisor may (but is not obligated to) immediately commence operating the Franchised Business on Franchisee's behalf for a period of up to 90 days, renewable as Franchisor deems necessary for up to one year and Franchisor will periodically discuss the status with Franchisee or its heirs. For such management assistance, Franchisee or the successor in interest must pay the then-current *per diem* management fee/charge to Franchisor for serving as the interim manager.

(c) No Transfer under this section 12.6 will be subject to (i) Franchisor's right of first refusal set forth in section 12.3 hereof or (ii) the Transfer Fee set forth in section 12.2(c)(vii) above, although such refusal right and Transfer Fee will be applicable to any subsequent Transfer by Franchisee's (or a Majority Equity Owner's) heirs, personal representatives or conservators. However, Franchisee must comply with sections 12.2(b) and (c) above, as well as provide Franchisor with full disclosure of the terms of said transfer not later than three business days prior to the close of the transaction. In addition, copies of fully executed paperwork must be delivered to Franchisor no less than three business days following the close of the transaction.

12.7 Consent of Franchisor to Transfers.
Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal provided in section 12.3 hereof, Franchisee or an Principal Equity Owner may consummate any Transfer of a direct or indirect interest in this Agreement, the Outlet or the economic benefits derived therefrom, or any equity interest in Franchisee's franchised entity, not permitted by the preceding sections 12.4, 12.5 and 12.6, only after written notice to Franchisor and only with Franchisor's written consent, which will not be unreasonably withheld.

XIII. DEFAULT AND TERMINATION

13.1 General.

(a) This Agreement may be terminated unilaterally by Franchisor only for cause, which for purposes of this Agreement means a material violation of this Agreement and includes any failure by Franchisee to substantially comply with any obligation, duty or promise under this Agreement, including those acts or omissions specified in sections 13.2 and 13.3 hereof. If Franchisee is in material breach of this Agreement, Franchisor may exercise Franchisor's right to terminate this Agreement in accordance with this Article XIII. If Franchisor becomes insolvent or declares bankruptcy, Franchisee will continue to have the right to operate under this Agreement until and unless a court orders otherwise.

(b) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the option, to be exercised in its sole discretion, to choose alternative remedies to Franchisor's right to terminate the entire Agreement.

(c) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor has the right to exercise any and all remedies available to Franchisor at law or in equity, including without limitation specific performance and damages (including punitive damages). All rights and remedies provided herein are in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

13.2 Immediate Termination.

(a) Franchisor has the right to terminate this Agreement immediately upon notice to Franchisee without an opportunity to cure if:

(i) Franchisee or the Franchised Business has been the subject of an order for relief in bankruptcy, is judicially determined to be insolvent, all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay its debts as they come due;

(ii) Franchisee Abandons the Franchised Business by failing to operate the business for five (5) consecutive days during which Franchisee is required to operate the business under the terms of the Franchise, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the franchise, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond the franchisee's control;

(iii) Franchisor and Franchisee agree in writing to terminate this Agreement;

(iv) Franchisee makes any material misrepresentations relating to the acquisition of the Franchise or Franchisee engages in conduct that reflects materially and unfavorably upon the operation and reputation of the Franchised Business or the System;

(v) Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including, but not limited to, all health, safety, building, and labor laws or regulations applicable to the operation of the Franchise;

(vi) after curing any failure in accordance with section 13.3 below, Franchisee engages in the same noncompliance whether or not corrected after notice;

(vii) Franchisee fails to comply with any material requirement of the Franchise two times in any 12-month period, whether or not corrected after notice;

(viii) the Franchised Business or business premises of the Franchise are seized, taken over or foreclosed by a government official in the exercise of his or her duties, or seized, taken over or foreclosed by a creditor, lien holder or lessor, provided that a final judgment against the franchisee remains unsatisfied for 30 days (unless an appeal bond has been filed); or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within five days of such levy;

(ix) Franchisee is convicted of a felony or any other criminal misconduct which is relevant to the operation of the Franchise, or any other crime or offense which Franchisor reasonably believes is related to Franchisee's operation of the Franchised Business, or is likely to have an adverse effect on the System, the Marks, the goodwill associated with the Marks or Franchisor's interest in the System or Marks;

(x) an audit or investigation conducted by Franchisor discloses that Franchisee knowingly maintained false books or records, or submitted false reports to Franchisor, or knowingly understated Franchisee's Gross Revenues or withheld the reporting of any of Franchisee's Gross Revenues or Gross Revenues are found to be understated by 5% or more for any calendar year;

(xi) Franchisor makes a reasonable determination Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety;

(xii) Franchisee fails to timely cure a default under the lease for the Outlet premises which could result in the loss of Franchisee's right to possession of the Outlet premises; or Franchisee loses the right to possession of the Outlet premises, provided, however, that if the loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee, the premises are damaged or destroyed, then Franchisee will have thirty (30) days after this event to apply for Franchisor's approval to relocate and reconstruct the premises in accordance with the applicable provisions of this Agreement. This approval may not be unreasonably withheld, but it will be reasonable for Franchisor to withhold approval if the Franchised Business will not re-open within 180 days of the closing of the previous Outlet location;

(xiii) Franchisee (or any principal of a corporate, partnership, proprietorship or other entity franchisee) purports to transfer any rights or obligations under this Agreement, any interest in Franchisee or the Franchised Business to any third party in violation of the terms of this Agreement;

(xiv) Franchisee engages in any conduct or practice that is a fraud upon consumers, or is an unfair, unethical, or deceptive trade, act or practice;

(xv) Franchisee interferes or attempts to interfere with Franchisor's contractual relations with other franchisees, customers, employees, advertising agencies or any third parties;

(xvi) Franchisee (or, if Franchisee is an entity, a Principal Equity Owner), the General Manager and Key Trainer fail to complete Franchisor's Initial Training Program within the time frames specified in this Agreement, and any other required training, to the satisfaction of Franchisor;

(xvii) Franchisee fails to carry the required insurance as set forth in this Agreement;

(xviii) Franchisee offers or sells any unapproved products and/or conducts (or permits the conducting of) any business other than the business contemplated by this Agreement at or from the Outlet without Franchisor's prior written consent; or

(xix) Franchisee directly or indirectly fails to comply with the covenant not to compete during the term of this Agreement or intentionally or recklessly discloses or uses any of Franchisor's Confidential Information in violation of this Agreement.

(b) The parties recognize that some breaches may involve conduct which undermines the basis for the Agreement such that the expectation of full and proper contract performance cannot be restored, even if the specific activity giving rise to the claim of breach has ended. In such cases, no period of "cure" will be required.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor because of an event described in section 13.2(a) above, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 or 14.3 below, as applicable, to collect damages or otherwise enforce its rights.

13.3 Termination After Notice.

(a) Except as provided in section 13.2 above, Franchisor may terminate this Agreement only after giving Franchisee prior written notice setting forth the asserted breach of this Agreement and giving Franchisee 30 days in which to cure the breach. Upon receipt of a notice of default, Franchisee must immediately commence diligently to cure said breach, and if Franchisee cures said breach within 30 days, the right to terminate this Agreement will cease.

(b) If Franchisee's rights under this Agreement are terminated by Franchisor for material breach, Franchisor may, at Franchisor's option, declare Franchisee in breach of all franchise agreements and other agreements Franchisee has executed with Franchisor, and terminate Franchisee's rights under those other agreements as well.

(c) If Franchisee's rights under this Agreement are terminated by Franchisor for failure to make any payment due under this Agreement, section 14.1 below is not applicable, and Franchisor may immediately commence an action under section 14.2 below to collect damages or otherwise enforce its rights.

(d) If Franchisee and Franchisor agree to mutually terminate this Agreement, Franchisee must return a signed counterpart of any document Franchisor prepares to make the termination effective, including a release of any claims against Franchisor, not later than 10 days after Franchisee receives it, or the mutual agreement to terminate will be voidable by Franchisor, and Franchisor may thereafter immediately and unilaterally terminate this Agreement and require payment of all sums due and payable to Franchisor at the date of termination.

13.4 Description of Default.
The description of any breach in any notice served by Franchisor hereunder upon Franchisee in no way precludes Franchisor from specifying additional or supplemental breaches in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

13.5 Statutory Limitations.
Notwithstanding anything to the contrary in this Article XIII, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto limits Franchisor's rights of termination hereunder or requires longer notice periods than those set forth herein, and if the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement will be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected will be amended only to the extent necessary to bring it within the requirements of such law or regulation.

13.6 Extended Cure Period.
Notwithstanding anything contained herein to the contrary, including section 13.3(c) hereof, in those circumstances under which Franchisor has the right to terminate this Agreement, Franchisor also has the right, to be exercised in Franchisor's sole discretion, to grant to Franchisee in writing only, in lieu of termination of this Agreement and in consideration of a general release of claims against Franchisor, an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event may such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges Franchisor's election to grant an extended cure period to Franchisee will not operate as a waiver of any of Franchisor's rights hereunder.

13.7 Franchisor's Right to Cure Franchisee's Defaults and Assume Lease.

(a) In addition to all other remedies herein granted, if Franchisee breaches in the performance of any of Franchisee's obligations or breaches any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at Franchisor's election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure the breach for Franchisee's account and on Franchisee's behalf, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof are due and payable by Franchisee to Franchisor on demand.

(b) If Franchisor terminates this Agreement for cause, Franchisor has the right (but not the obligation) to assume the lease for the Outlet premises and to purchase Franchisee's assets pursuant to section 15.2(d) below.

13.8 Waiver and Delay.
No waiver by Franchisor of any breach or series of breaches in performance by Franchisee, and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to Franchisor hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Confidential Operations Manual, constitutes a waiver of the provisions of this Agreement or the Confidential Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of Franchisor's right at any time thereafter to require exact and strict compliance with the provisions thereof.

13.9 Recovery of Lost Royalty.
(a) If this Agreement is terminated because of Franchisee's material breach, based on the estimated time it takes for a replacement franchise Outlet to achieve a similar revenue stream, in addition to any other damages or relief, Franchisor may recover liquidated damages attributable solely to Franchisor's lost future Royalty equal to the average value of the Royalties Franchisee paid or owed to Franchisor during the twelve (12) months before the termination (or the actual number of months opened if less than 12) multiplied by (i) twenty-four (24), being the number of months in 2 full years, or (ii) the number of months remaining during the term of this Agreement, whichever is less.

(b) This payment constitutes liquidated damages for the premature termination of this Agreement and is not a penalty. Franchisor and Franchisee acknowledge and agree that a precise calculation of the damages attributable solely to lost Royalties that Franchisor would incur from this Agreement's termination would be difficult to calculate. Nevertheless, Franchisor and Franchisee consider the lump-sum payment provided under this section 13.9 to be a reasonable, good faith pre-estimate of those damages.

(c) This liquidated damages provision only covers Franchisor's damages from the loss of Royalties. It does not cover any other damages, including, but not limited to, damages to Franchisor's reputation with the public and damages arising from a violation of any provision of this Agreement other than the Royalty section. Franchisee agrees that this liquidated damages provision does not give Franchisor an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty section. Franchisor's rights to liquidated damages and specific performance or any other equitable relief are not mutually exclusive.

13.10 Collection Costs.
Franchisor is entitled to reimbursement from Franchisee upon Franchisor's demand of all costs Franchisor incurs (including reasonable attorneys' fees and investigator's fees) to enforce Franchisor's rights under this Agreement, including actions to collect any amounts due and delinquent hereunder.

13.11 Continuance of Business Relations.
Any continuance of business relations between Franchisee and Franchisor after termination of this Agreement will not be construed as a renewal, extension or continuation of this Agreement.

XIV. DISPUTE RESOLUTION

14.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in the overall best interests of the System, as contemplated by this Agreement. Consequently, Franchisee and Franchisor agree to sincerely attempt in good faith to resolve disagreements or disputes before commencing arbitration, subject to sections 13.2, 13.3 and 14.3. Good faith communications between Franchisee and Franchisor are an important aspect of that obligation. The parties hereby pledge and agree that prior to commencing arbitration, subject to sections 13.2, 13.3 and 14.3, they will first attempt to resolve any dispute, claim or controversy arising out of or relating to the relationship between the parties, this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement ("Settlement Conference"). If a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 14.1, the other party may immediately commence an arbitration proceeding pursuant to section 14.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference, then 10 business days after the date the Settlement Conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by a mediator who has experience in Franchise and Distribution Law at a location in St. Louis, Missouri mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 14.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

14.2 Arbitration.

(a) Except as specifically provided in sections 13.2and 13.3 above, any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Owners or affiliated entities) not settled through the procedures described in section 14.1 above will be resolved through binding arbitration by JAMS, Inc. in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto no arbitration of any Dispute may be commenced except in accordance with this section 14.2.

(b) All hearings and other proceedings will take place at the JAMS business location in or near Saint Louis, Missouri.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE EXPRESSLY AGREES TO WAIVE ALL SUBSTANTIVE OR PROCEDURAL RIGHTS FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

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

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 14.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination

of this Agreement. Furthermore, this section 14.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with applicable law.

[Franchisor's Initials: _______ Franchisee's Initials: ________]

14.3 Injunctive Relief.
Any party has the right in a situation where there is an imminent threat of harm to the legal rights of that party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in St. Louis County, Missouri, without the necessity of posting any bond and without the necessity of first complying with sections 14.1 and 14.2 above, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 14.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 14.1 or 14.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 14.3. Franchisee acknowledges its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities and Franchisor or Franchisor's affiliates may seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

14.4 Legal Fees and Expenses.
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) and all other "Expenses" (as defined in section 16.2(e) below) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 14.4 is (i) intended to be expressly severable from the other provisions of this Agreement, (ii) intended to survive any judgment, and (iii) not to be deemed merged into the judgment.

14.5 Venue.
Franchisor and Franchisee agree that any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 14.2, must be brought exclusively in a court of competent jurisdiction in St. Louis County, Missouri. Franchisor and Franchisee hereby irrevocably submit themselves to, and consent to, the jurisdiction of said courts and waive any objection that he, she or it may have to the laying of venue of any such suit, action, or proceeding in any of such courts. The provisions of this Section will survive termination or expiration of this Agreement.

14.6 Waiver of Jury Trial.
ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION OF ANY PROVISION OF THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR ANY CLAIMS ARISING OUT OF THIS AGREEMENT, WHETHER NOW EXISTING OR ARISING IN THE FUTURE.

14.7 Survival.
The terms of this Article XIV survive termination, expiration or cancellation of this Agreement.

XV. OBLIGATIONS AND RIGHTS UPON TERMINATION OR EXPIRATION

15.1 Franchisee's Obligations.

(a) In the event of termination, cancellation or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time or other cause, in addition to any other obligations provided for in this Agreement, Franchisee must forthwith discontinue the use or display of the Marks in any manner whatsoever, and Franchisee may not thereafter operate or do business under the Marks or any other BODYROK brand or any other name or in any manner which might tend to give the general public the impression Franchisee is in any way associated or affiliated with Franchisor, the System, or any of the businesses conducted by Franchisor or the Owner of the Marks, including without limitation repainting the business premises in a distinctively different color and removing or rearranging distinctive elements of the Trade Dress. Franchisee must contact online review sites and other online directories and websites which have referred to Franchisee's Outlet during the 18 months prior to the date this Agreement terminates, is cancelled or expires, and request the removal of all use of the trademarks in connection with the former Outlet (and the physical address of the former Outlet) and all use of former reviews from the period Franchisee was a BODYROK franchisee or, at Franchisor's option, terminate or transfer such accounts to Franchisor or its designee. Franchisee shall immediately provide Franchisor with Franchisee's current account IDs, user names and passwords for all social media accounts it established to market, advertise and promote the former Franchised Business. Franchisee understands and agrees that upon expiration or termination of this Agreement, Franchisor shall have the absolute and unconditional right, in its sole discretion, to permanently close, delete, take exclusive control over, or transfer any social media accounts that Franchisee established to market, advertise and promote the former Franchised Business. And, Franchisee also must comply with section 15.2 respecting the return to Franchisor of certain materials and must not thereafter use, in any manner, or for any purpose, directly or indirectly, any of the Proprietary Information, Trade Secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, videodiscs, forms, advertising matter, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business.

(b) If there is a termination, cancellation or expiration as described in section 15.1(a) above, Franchisee must comply with section 11.2 of this Agreement respecting post-termination competition and promptly:

(i) remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor;

(ii) erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor;

(iii) permanently discontinue all advertising stating or implying Franchisee is associated or affiliated with Franchisor or the System (if Franchisee engages in any business thereafter, Franchisee must use trade names, service marks or trademarks that are significantly different from those under which Franchisee had done business and must use sign formats that are significantly different in color and type face; and take all necessary steps to ensure that Franchisee's present and former employees, agents, officers, shareholders and partners observe the foregoing obligations);

(iv) assign all interest and right to use all telephone numbers and all telephone and social media listings applicable to the Outlet in use at the time of such termination to Franchisor and take all actions necessary to change all such telephone numbers immediately and change all such telephone and social media listings as soon as possible; and

(v) return to Franchisor within 30 days of the effective date of termination or expiration, at Franchisee's cost, the BODYROK Pilates Machines at the Outlet or otherwise within the possession, custody or control of Franchisee, unless Franchisor exercises its rights under Section 15.3 below. Franchisee shall return the BODYROK Pilates Machines in good working order, excellent condition and repair, normal wear and tear excepted and shall be responsible for all repair and replacement costs.

(c) If Franchisee fails or omits to make or cause to be made any removal or change described in section 15.1(b)(i) through 15.1(b)(v) above, then Franchisor will have the right within 15 days after written notice to enter Franchisee's Outlet or other premises from which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at Franchisee's expense, which expenses Franchisee agrees to pay to Franchisor promptly upon demand. Effective on the Termination Date, Franchisee hereby irrevocably appoints Franchisor as Franchisee's lawful attorney upon termination of this Agreement with authority to file any document in the name of and on Franchisor's behalf for the purpose of terminating all of Franchisee's rights in any trade name Franchisee have used containing any of the Marks.

15.2 Franchisor's General Rights.

(a) The termination, cancellation, expiration or assignment of this Agreement will be without prejudice to any rights of Franchisor against Franchisee and such termination, cancellation, expiration or assignment will not relieve Franchisee of any of Franchisee's obligations to Franchisor existing at the time of termination, cancellation, expiration or assignment or terminate those obligations of Franchisee which, by their nature, survive the termination, cancellation, expiration or assignment of this Agreement.

(b) As soon as practicable after the termination, expiration or non-renewal of this Agreement, Franchisor may direct all applicable vendors and suppliers to immediately cease providing Franchisee with inventory, supplies, equipment, marketing materials, email access, website access, accessories and other items comprising or to be used to provide BODYROK Services.

(c) On or immediately after the Termination Date, Franchisee is obligated to return, at no expense to Franchisor, all copies of the Confidential Operations Manual, all other BODYROK proprietary materials and any other items supplied by Franchisor for Franchisee's use in connection with the operation of the Franchised Business. Franchisee must also permanently erase anything relating to Franchisor or the Franchised Business from any computers and other media storage devices Franchisee retain after expiration, cancellation or termination of this Agreement.

15.3 Franchisor's Rights to Purchase Franchisee's Assets upon Termination or Expiration.

(a) Upon termination of this Agreement for any reason, or expiration of this Agreement without renewal, Franchisor has the option, exercisable by giving written notice of exercise to Franchisee within 30 days after the effective date of termination or expiration, to purchase from Franchisee and its Principal Equity Owners all the assets of the Outlet and assume all or certain of Franchisee's agreements (including any lease or rental agreement) relating to the Outlet. Assets of the Outlet will include, without limitation, leasehold improvements, equipment (but not the BODYROK Pilates Machines which are owned by Franchisor), fixtures, furniture, furnishings, signs, inventory and assignable licenses. Franchisor will have the right to assign this option. Franchisor or its assignee will be entitled to all customary warranties, representations and pro-rations in connection with its asset purchase. Franchisee must cooperate with Franchisor in obtaining any necessary lessor or other consents.

(b) Once Franchisor gives notice it will purchase the assets of the Outlet pursuant to this section 15.3, Franchisor has the right immediately to take over the operations of the Outlet. From the date Franchisor takes over the Outlet to the date of closing the purchase of such assets, Franchisor is entitled to use revenues of the Outlet to operate the Outlet and to retain as Franchisor's management fee 8% of Gross Revenues.

(c) The purchase price for the assets of the Outlet purchased by Franchisor pursuant to this section 15.3 will be the fair market value thereof as determined by an independent appraiser Franchisee and Franchisor jointly designate, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser. If Franchisee and Franchisor cannot agree on a single appraiser, then Franchisee and Franchisor will each appoint one appraiser within 15 days of Franchisor's notice, and the two appraisers so appointed will select a third appraiser. The three appraisers will determine a purchase price for the assets of the Outlet within 30 days of appointment of the third appraiser. However, if the purchase price is not acceptable to Franchisor, Franchisor may withdraw its offer to purchase by written notice to Franchisee. All the appraisers must be members of the Appraisal Institute.

(d) The purchase price will be paid in cash at the closing of the purchase, by means of a check, wire transfer or electronic funds transfer, which will take place no later than 90 days after Franchisee's receipt of notice of Franchisor's exercise of the option to purchase, at which time Franchisee must deliver instruments transferring to Franchisor or its assignee (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; and (ii) all licenses of the Outlet and permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. Franchisor will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee to Franchisor, the amount of any encumbrances or liens against the assets, and any liability of Franchisee assumed or paid for by Franchisor.

(e) If Franchisor does not exercise its right to purchase all the assets of the Outlet and assume all of Franchisee's agreements relating to the Outlet pursuant to section 15.3(a) above, then within 30 days after termination, expiration or non-renewal of this Agreement, Franchisor will have the option, but not the obligation, to purchase all or any portion of Franchisee's reusable inventory, apparel containing the Marks, and any proprietary equipment, parts, supplies, fixtures and furnishings owned and used by Franchisee in its franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums then due and owing to Franchisor. The purchase price for Franchisee's reusable inventory and apparel containing the Marks will be at Franchisee's cost for said items. The purchase price for the proprietary equipment, parts, fixtures and furnishings will be the fair market value thereof. In determining the fair market value of such items Franchisee and Franchisor agree to exclude any factor or increment for goodwill or going concern value. The purchase price to be paid to Franchisee will be paid in cash at the closing of any purchase, which will occur no less than 30 days from the date Franchisor exercises its option, unless Franchisee and Franchisor are unable to agree on the fair market value of the assets to be purchased. If Franchisee and Franchisor are unable to reach agreement within a reasonable time as to the fair market value of the items Franchisor has agreed to purchase, Franchisee and Franchisor will jointly designate an independent appraiser, and the appraiser's determination will be binding. Franchisee and Franchisor must each pay 50% of the fee charged by the independent appraiser.

15.4 Rights to Purchase Franchisee's Assets upon Transfer of Controlling Equity Interest in Franchisor.

(a) If the controlling equity ownership interest in Franchisor is transferred to third parties (either by reason of a private sale or an initial public offering), Franchisor has the option, exercisable by giving written notice of exercise to Franchisee within 60 days after the effective date of transfer ("Control Transfer Date") of the controlling equity ownership interest in Franchisor, to purchase from Franchisee and its Principal Equity Owners all the assets of the Outlet and assume all of Franchisee's agreements (including any lease or rental agreement) relating to the Outlet either (i) as soon as practicable after said notice is given if Franchisee's Outlet has then been open and operating for 36 months or more, or (ii) on the third anniversary of the Opening Date (if Franchisee's Outlet had not then been open and operating for at least 36 months as of the Control Transfer Date), or sooner at Franchisee's option. Assets of the Outlet will include, without limitation, leasehold improvements, equipment, fixtures, furniture, furnishings, signs, inventory and assignable licenses. Franchisor will have the right to assign this option. Franchisor or its assignee will be entitled to all customary warranties, representations and pro-rations in connection with its asset purchase. Franchisee must cooperate with Franchisor in obtaining any necessary lessor or other consents.

(b) Franchisor has the right to take over the operations of the Outlet within 60 days before the effective date of Franchisor's purchase of assets pursuant to section 15.4(a) above. From the date Franchisor takes over the Outlet to the date of closing the purchase of such assets, Franchisor is entitled to use revenues of the Outlet to operate the Outlet and to retain as Franchisor's management fee 8% of Gross Revenues.

(c) The purchase price for the assets of the Outlet purchased by Franchisor pursuant to this section 15.4 will be (i) five times Franchisee's Outlet's earnings before interest, taxes, depreciation or amortization ("EBITDA") during the 12 full calendar months before the effective date of Franchisor's purchase of assets pursuant to section 15.4(a) above plus (ii) reimbursement of any applicable and documented prepayment penalties assessed against Franchisee in connection with Franchisee's payment of the principal balance before maturity of any loans Franchisee took out to finance the build out, opening and operation of Franchisee's Outlet.

(d) The purchase price will be paid in cash at the closing of the purchase, by means of a check, wire transfer or electronic funds transfer, which will take place no later than the effective date of Franchisor's purchase of assets pursuant to section 15.4(a) above, at which time Franchisee must deliver instruments transferring to Franchisor or its assignee (i) good and marketable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; and (ii) all licenses of the Outlet and permits which may be assigned or transferred. If Franchisee cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. Franchisor will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee to Franchisor, the amount of any encumbrances or liens against the assets, and any liability of Franchisee assumed or paid for by Franchisor.

XVI. GENERAL TERMS AND PROVISIONS

16.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows, with a copy emailed to the email addresses below:

(i) If to Franchisor:

BODYROK FRANCHISE USA, LP
138 NORTH MERAMEC AVENUE, SUITE 108
SAINT LOUIS, MISSOURI 63105-3704
Phone: 1-858-212-9101
E-Mail: Jake@bodyrok.com

(ii) If to Franchisee:

____
____
____
Phone:
E-Mail: ______________________________ (if blank, then the assigned email address of the Outlet)

(b) Notices between Franchisee and Franchisor will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day, or (ii) when delivered in person by an agent of the sending party.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier or delivered in person.

16.2 Indemnity.

(a) Franchisee hereby agrees to protect, defend and indemnify Franchisor, and all of Franchisor's past, present and future owners, affiliates, officers, directors, employees, attorneys and designees, and each of them, and hold them harmless from and against any and all Losses arising out of or in connection with any "Proceeding" (as defined in section 16.2(e) below) or to which they become subject or that they incur arising from or relating in any manner to the Franchisee's ownership or operation of the Outlet or the Franchised Business, including, but not limited to, any allegation that Franchisee is Franchisor's employee, or that Franchisor and Franchisee are a joint employer or otherwise responsible for the acts or omissions relating to Franchisee's employees, and that the Outlet or Franchisee violated the ADA or other laws regarding public accommodations for persons with disabilities. In no event, however, need the Franchisee indemnify Franchisor for any matter caused directly by Franchisor's gross negligence or intentional misconduct. Franchisor will have the right to defend any such claim against Franchisor by employing counsel of its choice, subject to full reimbursement of all legal fees and costs by Franchisee.

(b) In order for the indemnification to be effective, each indemnified party ("Indemnified Party") will give the indemnifying party ("Indemnifying Party") reasonable notice of each claim or loss for which the Indemnified Party demands indemnity and defense, except that failure to provide such notice will not release the Indemnifying Party from any obligations hereunder except to the extent that the Indemnifying Party is materially prejudiced by such failure. The Indemnifying Party will assume, at its sole cost and expense, the defense of such Proceeding through legal counsel reasonably acceptable to the Indemnified Party, except that the Indemnified Party may at its option and expense select and be represented by separate counsel. The Indemnifying Party will have control over the Proceeding, including the right to settle in its reasonable discretion (but only if the settlement includes a full release of all claims against the Indemnified Party), and provided further, the Indemnifying Party will not, absent the written consent of the Indemnified Party, consent to the entry of any judgment or enter into any settlement that: (i) provides for any admission of liability on the part of the Indemnified Party or relief other than the payment of monetary damages for which the Indemnifying Party will be solely liable; or (ii) adversely affects the rights of the Indemnified Party under this Agreement, or (iii) does not release the Indemnified Party from all Proceedings and "Losses" (as defined in section 16.2(c) below) in respect thereof. In no event will the Indemnified Party be liable for any Losses that are compromised or settled in violation of this section 16.2. The Indemnifying Party's duty to defend is independent of its duty to indemnify. Each indemnified party must submit all its claims to its insurers in a timely manner. Any payments made by an indemnified party will be net of benefits received by any indemnified party from insurance coverage respecting such claims.

(c) The term “Losses” means, refers to, and includes all “Expenses” (as defined in section 16.2(d) below), liabilities, obligations, losses, fines, penalties, costs, or damages including all reasonable out of pocket fees and disbursements of legal counsel in the investigation or defense of any of the same or in asserting any party’s respective rights hereunder but excluding punitive damages (unless resulting from third party claims).

(d) The term “Expenses” means, refers to, and includes, all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding casts, telephone charges, postage, delivery service fees and all other disbursements or expenses of the ‘types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses will also include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreements, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent.

(e) The term “Proceeding” means, refers to, and includes any threatened pending or completed suit, claim, demand, action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil, criminal, administrative or investigative.

(f) The indemnification provided in this section 16.2 is a continuing right and will survive the expiration or termination of this Agreement. The parties hereto further acknowledge and agree that they intend the indemnification provided in this section 16.2 to be interpreted and enforced in a manner providing the fullest extent of indemnification to the Indemnified Party now or hereafter permitted by law.

16.3 Franchisee’s Relationship to Franchisor as Franchisee.

(a) It is expressly agreed by the parties they intend by this Agreement to establish between themselves the relationship of franchisee and franchisor. Franchisee is an independent contractor of Franchisor under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture or agency. Nothing in this Agreement may be construed to create a fiduciary relationship between the parties. No employee or independent contractor of Franchisee will be deemed to be an employee of Franchisor or subject to Franchisor’s control. It is further agreed neither Franchisee nor any Principal Equity Owner has the authority to create or assume in Franchisor’s name or on Franchisor’s behalf, any obligation, express or implied, or to act or purport to act as agent or representative on Franchisor’s behalf for any purpose whatsoever. Neither Franchisee (nor any Principal Equity Owner) nor Franchisor is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees that neither it nor any Principal Equity Owner will hold itself out as Franchisor’s agent, employee, partner or co-venturer, or as the Owner of the Marks.

(b) All employees or agents hired or engaged by or working for Franchisee will be only the employees or agents of Franchisee and will not for any purpose be deemed employees or agents of Franchisor, nor subject to Franchisor’s control; and in particular, Franchisor will have no authority to exercise control over the hiring or termination of these employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or their day-to-day activities, except to the extent necessary to protect the Marks. Franchisee and Franchisor agree to file Franchisor’s own tax, regulatory and payroll reports with respect to Franchisor’s respective employees or agents and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. Franchisor will not have the power to hire or fire Franchisee's employees, and Franchisee alone is responsible for and controls Franchisee’s employees’ wages, hours, assignments, hiring, firing and any benefits. Franchisor will have no liability for any action or settlement related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of Franchisee’s employees and Franchisee agrees to indemnify Franchisor for any such liabilities that it incurs.

16.4 No Third-Party Beneficiaries.
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor may have granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called “third party beneficiary rights” or otherwise.

16.5 Survival of Covenants.
The covenants contained in this Agreement that by their terms require performance by the parties after the expiration, termination, cancellation or assignment of this Agreement will be enforceable notwithstanding said expiration, termination, cancellation or assignment.

16.6 Successors and Assigns.
Subject to restrictions on Assignment by Franchisee contained herein, this Agreement is binding upon Franchisor and Franchisee and inures to the benefit of their respective successors and assigns.

16.7 Joint and Several Liabilities.
If the entity which is the franchisee under this Agreement consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

16.8 Titles for Convenience Only.
Section titles used in this Agreement are for convenience only and do not affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

16.9 Gender.
All terms used in any one number or gender will extend to mean and include any other number and gender as the facts, context or sense of this Agreement or any section may require.

16.10 Severability; Partial Invalidity.
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between (i) any provisions of this Agreement or the Confidential Operations Manual and (ii) any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement or the Confidential Operations Manual thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement or the Confidential Operations Manual is held to be indefinite, invalid or otherwise unenforceable, that specific language will be deemed deleted but the remaining parts thereof will continue in full force and effect.

16.11 Counterparts.
This Agreement may be executed in multiple copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

16.12 Compliance with U.S. Anti-Terrorism and Other U.S. Federal Laws.

(a) Franchisee certifies that neither it nor any Principal Equity Owners or employees of Franchisee, nor anyone else who is associated with Franchisee is listed in the Annex to Executive Order 13224 (available at http://treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html). Franchisee covenants not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, the Principal Equity Owners, employees or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee and each of the Principal Equity Owners will comply with and assist Franchisor as much as possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents and warrants that none of Franchisee's respective property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and the Principal Equity Owners are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that its indemnification responsibilities as provided in this Agreement also pertain to its obligations under this section 16.12. Any misrepresentation by Franchisee under this section 16.12 or any violation of the Anti-Terrorism Laws by Franchisee, any of the Principal Equity Owners, or employees will constitute grounds for immediate termination of this Agreement and any other agreement Franchisee executed with Franchisor or one of Franchisor's Affiliates. "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists, and any other requirements of any United States governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

(b) Neither Franchisee nor any Principal Equity Owner conducts any activity, or has failed to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under any applicable Anti-Terror Legislation.

(c) Neither Franchisee nor any Principal Equity Owner nor any employee of either is named as a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control and published at www.treas.gov/offices/enforcement/ofac/sdn/. Franchisee acknowledges it is not directly or indirectly owned or controlled by the government of any country subject to an embargo by the United States of America, and neither Franchisee nor any Principal Equity Owner acts directly or indirectly on behalf of the government of any country subject to an embargo by the United States of America. Franchisee agrees Franchisee will notify Franchisor in writing immediately of the occurrence of any event rendering any of the foregoing representations and warranties of this section 16.12 incorrect.

[Franchisee's Initials: _______]

16.13 Governing Law.
The Federal Arbitration Act (9 U.S.C. §1 *et seq*.) governs the arbitration of disputes under this Agreement. Otherwise, the laws of Missouri govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

16.14 Entire Agreement.

(a) The parties to this Agreement each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined solely in and by this written Agreement and the Confidential Operations Manual. Recognizing the costs on all parties which attend uncertainty, the signatories to this Agreement each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings (which have been or may in the future be exchanged between them) serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, the signatories each agree and promise each other that this Agreement and the Confidential Operations Manual supersede and cancel any prior or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements, understandings or any other term), by any of the parties or by anyone acting on their behalf, with respect to the rights and obligations of the parties to this Agreement or the relationship between them. Each signatory to this Agreement agrees and promises to the other that they have placed, and will place, no reliance on any such discussions or writings. Franchisee acknowledges that it is entering into this Agreement, and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the Franchised Business and not as a result of any representations about Franchisor made by its shareholders, officers, directors, employees, agents, independent contractors or other franchisees which are contrary to the terms set forth in this Agreement or of the BODYROK franchise disclosure document ("FDD") given to Franchisee pursuant to applicable law.

(b) In accordance with the foregoing section 16.14(a), the parties to this Agreement agree that this Agreement (together with the Confidential Operations Manual) constitutes the entire agreement between the parties and contain all terms, conditions, rights and obligations of the parties with respect to the franchised business contemplated by this Agreement and any other aspect of the relationship between the parties. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Franchisor made in the FDD that Franchisor furnished to Franchisee.

(c) This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto.

XVII. EFFECTIVENESS OF AGREEMENT

This Agreement will become effective upon its execution by Franchisor and Franchisee. HOWEVER, THIS AGREEMENT IS NOT BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

XVIII. ACKNOWLEDGMENTS AND REPRESENTATIONS

18.1 Acknowledgments and Representations.

(a) Franchisee hereby represents and warrants that all statements in this section 18.1 are true and accurate.

(b) Franchisee does not seek to obtain the Franchise for speculative or investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise within 12 months after the Opening Date.

(c) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by this Agreement and the necessity of operating the Franchised Business under the standards set forth herein. Franchisee represents it has the capabilities, professionally, financially and otherwise, to comply with Franchisor's standards.

(d) If Franchisee is an entity, Franchisee is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Outlet is located.

(e) Franchisee's execution of this Agreement will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(f) Any individual executing this Agreement on Franchisee's behalf is duly authorized to do so and the Agreement constitutes a valid and binding obligation of Franchisee's.

(g) Franchisee (i) has carefully read this Agreement and all other related documents to be executed by Franchisee concurrently or in conjunction with the execution hereof, (ii) has conducted an independent investigation of the business contemplated by this Agreement, (iii) has obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, (iv) understands the nature of this Agreement, and (v) intends to comply herewith and be bound hereby. Franchisee also recognizes the Franchise involves significant risks, making the success of the Franchised Business at Franchisee's Outlet largely dependent on Franchisee's abilities, attention, and consistent and regular participation in the operation of the Franchised Business at the Outlet. Franchisor expressly disclaims the making of, and Franchisee agrees Franchisee has not received or relied on, any representation or warranty from Franchisor regarding the likelihood of Franchisee's success at Franchisee's Outlet or in Franchisee's operating the Franchised Business.

(h) In entering into this Agreement, Franchisee has not relied on any representation by Franchisor, or any of Franchisor's officers, managers, directors, partners, shareholders, employees or agents, concerning the Franchised Business contrary to (i) the terms of this Agreement, (ii) the documents incorporated into this Agreement (or attached to it), or (iii) or the FDD that was provided to Franchisee.

(i) Franchisee agrees complete and detailed uniformity among Franchisor's franchisees under varying conditions may be inadvisable, impractical or impossible, and accordingly agrees that Franchisor, its sole discretion, may modify or vary aspects of the System as to any franchisee or group of franchisees based on, for example, local sales potential, demographics, competition, business practices or other conditions. Franchisee further agrees Franchisor will have no obligation to disclose or offer the same or similar variances to Franchisee. Franchisee is aware that other System franchisees may operate under different agreements and, consequently, that Franchisor's obligations and rights as to those franchisees may differ materially in certain circumstances.

(j) Franchisee received an FDD and a copy of this Agreement at least 15 calendar days before it signed this Agreement or made any payments to Franchisor or any of its affiliates.

(k) Franchisee acknowledges in operating the System, Franchisor must consider the needs of the System as a whole, and the need to protect the Marks, even if Franchisor's actions are contrary to Franchisee's individual interests as a franchisee.

18.2 Additional Information Respecting Franchisee and Franchisee's Principal Equity Owners.

Franchisee must fully complete the schedule attached as Exhibit 2 of this Agreement with required information about Franchisee's Principal Equity Owners.

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

FRANCHISEE:	FRANCHISOR:
___________________________________	BODYROK Franchise USA, LP dba BODYROK
By: ________________________________	By: ________________________________ Jake Irion, Manager and CEO
___________________________________ [PRINT NAME AND TITLE]	

EXHIBIT 1 – TERRITORY AND LOCATION OF OUTLET

The Territory is either [ ] a radius of ___ miles around the Outlet or [ ] the geographical area surrounding the Outlet as depicted in a map attached to this Exhibit 1.

The Outlet is located at:

____

____

____

(If the address of the Outlet is unknown when this Agreement is signed, when the address is determined, it will be inserted later into the space above or added by addendum attached to this Exhibit 1.)

FRANCHISEE:

____

By: ________________________________

____
[PRINT NAME AND TITLE]

Dated: ______________________________

FRANCHISOR:

BODYROK Franchise USA, LP
dba BODYROK

By: _________________________________
Jake Irion, Manager and CEO

Dated: _________________________________

EXHIBIT 2 - NAMES AND ADDRESSES OF PRINCIPAL EQUITY OWNERS

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

1. ______________________________	2. ______________________________
______________________________	______________________________
______________________________	______________________________
______ %	______ %
3. ______________________________	4. ______________________________
______________________________	______________________________
______________________________	______________________________
______ %	______ %

Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information set forth above.

Franchisee promptly shall provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Franchisee.

Franchisee shall cause all of its current and future shareholders, members and partners to execute Franchisor's standard form of Guarantee of Franchise Agreement.

Franchisee: ___________________________

By: ________________________________

Print Name: __________________________

Its: _________________________________

Dated: _______________________________

EXHIBIT 3 - GUARANTEE OF FRANCHISE AGREEMENT

In consideration of the execution by Franchisor of the Franchise Agreement (the "Franchise Agreement") dated ________________, 20 ___ between among BODYROK Franchise USA, LP, doing business as "BODYROK" ("Franchisor") and ________________________ ________________________________ ("Franchisee") and for other good and valuable consideration, each of the undersigned "Principal Equity Owners" (as defined in the Franchise Agreement), and their spouses (if applicable), for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one person has executed this Guarantee of Franchise Agreement ("Guarantee"), the term "the undersigned", as used herein, refers to each such person, and the liability of each of the undersigned hereunder will be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned further hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder: (i) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (ii) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (iii) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (iv) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned will be deemed notice to or demand upon Franchisee and all the undersigned, and no notice or demand need be made to or upon any of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned will not relieve any other guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, related to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, will not modify or amend this Guarantee, which will be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

The Lanham Act (15 U.S.C. §1051 et seq.) governs any issue involving Franchisor's proprietary trademarks. To the extent applicable, the laws of the state where the Store is located govern all issues involving modification of this Guarantee while it is in effect. Otherwise, this Guarantee and the legal relations among the parties hereto will be governed by and construed in accordance with the laws of the State of Missouri. Nothing in this Guarantee is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Missouri or any other state, which would not otherwise apply.

Any litigation arising out of or related to this Guarantee will be instituted exclusively in the Saint Louis County Court, 21st Judicial Circuit or the United States District Court for the Eastern District of Missouri. Guarantors hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*). Guarantors further hereby waive and covenant never to assert or claim that such courts lack personal jurisdiction over Guarantors. In the event both such courts lack jurisdiction to enter any requested injunctive relief, an action or proceeding requesting such relief may be brought before any court having jurisdiction to grant such relief. Guarantors each irrevocably consent and submit to the jurisdiction and venue of such courts and agree to participate and be bound by the mediation and arbitration provisions of the Franchise Agreement. GUARANTORS EACH WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION OF THIS GUARANTY.

Should any one or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions will nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

PRINCIPAL EQUITY OWNERS	SPOUSES OF PRINCIPAL EQUITY OWNERS (if applicable)
x ____________________	x ____________________
____________________ Printed Name of Principal Equity Owner	____________________ Printed Name of Spouse
x ____________________	x ____________________
____________________ Printed Name of Principal Equity Owner	____________________ Printed Name of Spouse
x ____________________	x ____________________
____________________ Printed Name of Principal Equity Owner	____________________ Printed Name of Spouse
x ____________________	x ____________________
____________________ Printed Name of Principal Equity Owner	____________________ Printed Name of Spouse
x ____________________	x ____________________
____________________ Printed Name of Principal Equity Owner	____________________ Printed Name of Spouse

EXHIBIT 4 - CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement ("**Agreement**") is made and entered into this ____ day of ______________, 20___ (the "**Effective Date**"), by and between ________________________ ("**Company**") and _________________________________ ("**Disclosee**"), as of the date written above.

RECITALS

A. BODYROK Franchise USA, LP ("**Franchisor**") owns the rights to and has granted the Company the non-exclusive license to use the "BODYROK" trademarks, trade names, service marks and logos ("**Marks**"), the business systems identified by such Marks (the "**System**"), and certain confidential information, for the operation of the Company's franchised BODYROK fitness studio ("**Franchised Business**").

B. In connection with Disclosee's employment or engagement by the Company in connection with the Franchised Business, Disclosee will receive access to and become acquainted with certain confidential and/or proprietary information of Franchisor. As a condition to and in consideration of Disclosee's employment by the Company, and as a material inducement for the Company to disclose certain confidential and/or proprietary information to Disclosee in connection with the business of being a franchisee of Franchisor, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Disclosee, Disclosee agrees to be bound by the following representations, warranties and covenants, to be effective, during and at all times after Disclosee's employment or affiliation with the Company and the Franchised Business:

TERMS AND CONDITIONS

1. Recitals. The recitals contained herein are true and correct and are incorporated herein by reference.

2. Confidential Information. As used in this Agreement, "**Confidential Information**" includes, without limitation, various trade secrets, inventions, innovations, processes, software programs, know-how, information, records and specifications owned or licensed by Franchisor and its affiliates, and/or used by Franchisor, its affiliates or its franchisees, in connection with the System or the operation of Franchised Business, including, without limitation, Franchisor's and its affiliates' business, product processes, methods, formulas, plans, trade secrets, customer lists, customer data, accounts, identities of suppliers, price lists, fitness/class techniques, equipment specifications, finances, practices, procedures and techniques, confidential manuals, advertising and marketing techniques, operational and quality assurance procedures, and any other confidential and proprietary information of Franchisor or otherwise obtained by Disclosee which are based on or derived from, or which contain or reflect, any Confidential Information, regardless of the form in which such information is communicated, recorded or maintained.

Confidential Information shall not include information otherwise described above that Disclosee can establish: (a) is or becomes generally available to or known by the public (other than as a result of the unauthorized disclosure, directly or indirectly, by Disclosee or any of its employees, agents or advisors); (b) is or becomes available to Disclosee or any of its employees, agents or advisors on a non-confidential basis from a source other than the Company or Franchisor, provided that such source is not and was not bound by a confidentiality and/or nondisclosure agreement with, or other similar obligation to, the Company or Franchisor; or (c) has been independently acquired or developed by Disclosee or any of its employees, agents or advisors without violating any of Disclosee's obligations under this Agreement.

3. Confidentiality. The Confidential Information shall be held and treated by Disclosee in utmost and strictest confidence. The Confidential Information shall not, without the prior written consent of the Company and Franchisor, be disclosed by Disclosee in any manner whatsoever, in whole or in part. Disclosee agrees that he or she will not disclose any of the Confidential Information, directly or indirectly, or use any of the Confidential Information in any manner, and at any time, other than for the specific purpose of performing his/her duties at and in connection with the Franchised Business as required in the course of Disclosee's employment relationship with the Company. Disclosee shall not reproduce, or permit the reproduction, directly or indirectly, of any of the Confidential Information except as required by the Company and Franchisor.

In the event that Disclosee becomes legally compelled or required to disclose any of the Confidential Information to a third party by order of a court or other authority of competent jurisdiction, Disclosee shall provide the Company and Franchisor with notice as far in advance as practicable so that the Company and/or Franchisor may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement, in the sole discretion of Franchisor. In any event, Disclosee will furnish only that portion of the Confidential Information which it is legally required to furnish.

Disclosee shall immediately advise the Company and Franchisor in writing if it learns of any unauthorized use or disclosure of Confidential Information by Disclosee, or by any person or entity, which disclosure would not be permitted if such person or entity were bound by the terms of this Agreement.

4. Ownership and Return of Information. The parties acknowledge and agree that all Confidential Information disclosed (including all Franchisor manuals) is confidential and proprietary to Franchisor and shall remain the exclusive property of Franchisor. At the request of Franchisor, Disclosee shall promptly return or destroy any and all Confidential Information including all copies thereof, on any storage medium whatsoever, in its possession or in the possession of any of its employees, agents or advisors and will not retain any copies or other reproductions in whole or in part of such material. **All manuals must be returned to Franchisor and may not leave the Franchised Business without prior permission. Absolutely no copies of manuals may be made.**

5. Remedies. The parties acknowledge and agree that the Confidential Information is a unique and valuable asset of Franchisor and that unauthorized disclosure or use of the Confidential Information may cause Franchisor and the Company irreparable harm and significant injury that may be difficult to ascertain. Accordingly, the parties understand and agree that, in addition to any other rights including the right to damages, Franchisor and/or the Company shall be entitled to equitable relief, in the event of any breach of this Agreement. In the event of a breach or threatened breach by Disclosee, Franchisor and/or the Company shall be entitled to injunctions restraining such breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance under this Agreement. Disclosee shall be responsible and held liable for any breach of this Agreement by its employees, agents, contractors or other representatives.

6. Representations.

a. Disclosee represents, warrants, and confirms that the restrictions contained in this Agreement are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. Disclosee further acknowledges, represents, warrants, and confirms that his or her full, uninhibited and faithful observance of each of the covenants contained in this Agreement will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants contained in this Agreement will not impair his or her ability to obtain employment commensurate with his or her abilities on terms fully acceptable to Disclosee or otherwise to obtain income required for his or her comfortable support and of his or her family, and the satisfaction of the needs of his or her creditors.

b. Disclosee acknowledges and confirms that his or her special knowledge of Franchisor's System and the Franchised Business (and anyone acquiring such knowledge through Disclosee) is such as would cause Franchisor, its affiliates, its franchisees and the Company serious injury and loss if Disclosee (or anyone acquiring such knowledge through Disclosee) were to use such ability and knowledge to the detriment of Franchisor, its affiliates, its franchisees and the Company.

c. The Agreement neither creates nor is intended to imply the existence of an employment contract and does not represent a promise or representation of employment or continued employment. Nothing in this Agreement shall change the "at-will" nature of Disclosee's employment relationship with the Company.

7. Survival. The confidentiality, non-solicitation and non-competition provisions of this Agreement shall survive and apply after Disclosee's business relationship with the Company in connection with the Franchised Business has terminated.

8. Franchisor Third Party Beneficiary. The parties recognize the necessity of the Disclosee's compliance with the terms of this Agreement to Franchisor as the franchisor of the business operated by the Company. Accordingly, the Disclosee agrees and acknowledges that Franchisor is a third party beneficiary of the Disclosee's obligations hereunder and Franchisor is entitled to all rights and remedies conferred upon the Company or Franchisor hereunder, which Franchisor may enforce directly against the Disclosee with or without the consent or joinder of the Company.

9. Miscellaneous

a. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Notwithstanding the foregoing, neither party, except Franchisor, may assign its rights or obligations under this Agreement.

b. Non-Waiver. The existence of any claim or cause of action by the Disclosee against the Company and/or Franchisor predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company and/or Franchisor of this Agreement. Any failure to object to any conduct in violation of this Agreement shall not be deemed a waiver by the Company or Franchisor. No waiver of any provisions of this Agreement shall be effective unless it is in writing and signed by the Disclosee, the Company and Franchisor, and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

c. Attorneys' Fees, Costs and Expenses. In any action or proceeding to enforce this Agreement, including any appeals or post judgment proceedings, the prevailing party shall be entitled to recover from the other party thereto the reasonable attorneys' fees, court costs, filing fees, publication costs and other expenses incurred by the prevailing party in connection therewith.

d. Venue, Jurisdiction and Governing Law. This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Florida. Venue for any litigation involving this Agreement or the relationship between the parties shall be Miami-Dade County, Florida. The parties agree to submit to the exclusive jurisdiction of the courts of Miami-Dade County, Florida.

e. Rule of Construction. The terms and conditions set forth in this Agreement are the product of mutual draftsmanship and/or review by the parties hereto, each having the opportunity to be represented by counsel. Any ambiguities in this Agreement or any agreement prepared or to be prepared pursuant to or in connection with this Agreement shall not be construed against any one party because of the draftsmanship. The Agreement shall be interpreted in a neutral fashion consistent with the intent of the parties as stated herein.

f. Severability. In the event that any court shall finally hold that any other provision stated in this Agreement constitutes an unreasonable restriction upon the Disclosee, the Disclosee hereby expressly agrees that the provisions of this Agreement shall not be rendered void, but shall apply to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved. The Disclosee agrees that it shall forthwith comply with any covenant as so modified, which is fully enforceable to the extent permitted by applicable law. The obligations of the Disclosee to the Company and Franchisor are in addition to, and not in lieu of, any additional or more restrictive obligations the Disclosee may have to the Company and/or Franchisor in any other agreement.

g. Time. In the event the Company and/or Franchisor should bring any legal action or other proceeding for the enforcement of this Agreement, the time for calculating the term of the restrictions herein shall not include the period of time commencing with the filing of legal action or other proceeding to enforce the terms of this Agreement hereof through the date of final judgment or final resolution, including all appeals, if any, of such legal action or other proceeding.

h. Modification of Agreement and Merger. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be supplemented, modified or revised in any manner except by a single writing signed by the Disclosee, the Company and Franchisor. There are no prior or contemporaneous oral promises, representations or agreements not set forth herein inducing entry into this Agreement and all prior negotiations, discussions, statements and representations are merged into this Agreement. The provisions of this paragraph cannot be modified by conduct, oral agreement or written agreement, unless signed by the Disclosee, the Company and Franchisor.

i. Authority to Sign. By signing this Agreement, each party represents and warrants to all other parties that its execution of this Agreement is duly authorized in accordance with applicable laws relating to such parties, that this Agreement is fully enforceable according to its terms against such executing party and that the individual executing on any corporation's behalf has the requisite power and authority to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

Disclosee: ____________________
Print name

____
Signature

The Company: _________________________

____
By:
As:

EXHIBIT 5 - ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO
BODYROK FRANCHISE USA, LP ("PAYEE")

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above-named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty days prior written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken according to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose for payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee under the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name of Depository (full name of bank and address): ____

____

Name of Depositor: ____

Designated Bank Acct. No.: ____
(Please attach one voided check for the above account)

Bank Routing Number: ____

Studio Location: ____

Address: ____

Phone #: ____

Fax #: ____

Name of Franchisee/Depositor (please print): ____

By: ____
Signature and Title of Authorized Representative
Date: _________________________________

EXHIBIT 6 - OPENING DATE ACKNOWLEDGMENT

The Outlet 's "Opening Date" (as defined in Article I of the Franchise Agreement) was on ____________________.

Acknowledged and agreed to by:

FRANCHISEE:
____

By: _______________________________

____
[PRINT NAME AND TITLE]

FRANCHISOR:
BODYROK Franchise USA, LP
dba BODYROK

By: _______________________________
Jake Irion, Manager and CEO

ADDENDUM TO FRANCHISE AGREEMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

ADDENDUM TO FRANCHISE AGREEMENT
FOR CALIFORNIA FRANCHISEES

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **Interest.** In Section 4.7(b) of the Franchise Agreement, "18%" is amended to "10%."

2. **Cure Period**. In Sections 7.2(e) and 13.3 of the Franchise Agreement, "30 days" is amended to "60 days".

3. **Post Termination Purchase of Assets**. Section 15.3(d) of the Franchise Agreement is hereby amended as follows:

"(d) Upon a lawful termination or nonrenewal of this Agreement, Franchisor will purchase from Franchisee, at the value of price paid, minus depreciation, all inventory, supplies, equipment, fixtures, and furnishings purchased or paid for under the terms of this Agreement or any ancillary or collateral agreement by Franchisee to Franchisor or Franchisor's approved suppliers and sources, that are, at the time of the notice of termination or nonrenewal, in Franchisee's possession or used by Franchisee in the Franchised Business. This does not include the BODYROK Pilates Machines which are owned by Franchisor. Franchisor is not required to purchase any personalized items, inventory, supplies, equipment, fixtures, or furnishings not reasonably required to conduct the operation of the Franchised Business in accordance with this Agreement or any ancillary or collateral agreement or to which Franchisee, at the cessation of operation of the Franchised Business by Franchisee, cannot lawfully, or does not, grant Franchisor clear title and possession upon Franchisor's payment to Franchisee for the inventory, supplies, equipment, fixtures, or furnishings (we have the right to receive clear title to and possession of all items purchased from Franchisee under this section 15.3). Franchisor may offset against the amounts owed to Franchisee under any such purchase under this section 15.3) any amounts Franchisee owes to Franchisor. Notwithstanding the foregoing however, Franchisor's requirement to purchase from Franchisee under this section 15.3 will not apply:

"(i) if Franchisee declines a *bona fide* offer of renewal from Franchisor;

"(ii) if Franchisor does not prevent Franchisee from retaining control of the Outlet or other principal place of the Franchised Business;

"(iii) to any termination or nonrenewal of the Franchise due to a publicly announced and nondiscriminatory decision by Franchisor to completely withdraw from all Franchise activity within the relevant geographic market area in which the Franchise is located;

"(iv) if Franchisor and Franchisee mutually agree in writing to terminate and not renew the Franchise; or

"(v) to any inventory, supplies, equipment, fixtures, or furnishings that are sold by Franchisee between the date of the notice of termination or nonrenewal, and the cessation of operation of the Franchised Business by Franchisee, pursuant to the termination or nonrenewal."

4. **No Disclaimer or Waiver as to Fraud in the Inducement**. 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 appliable 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.

5. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for California Franchisees effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

ADDENDUM TO FRANCHISE AGREEMENT
FOR ILLINOIS FRANCHISEES

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. Illinois law governs the Franchise Agreement.

2. Payment of Initial Franchise Fee will be deferred until Franchisor has met its initial obligations and Franchisee has commenced business operations. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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

4. Franchisees' rights upon Termination and Non-Renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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.

6. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for Illinois Franchisees effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

ADDENDUM TO FRANCHISE AGREEMENT
FOR MARYLAND

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **No Release, Estoppel or Waiver of State Law**. Nothing in the Franchise Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. **Jurisdiction**. Subject to the provisions in the Franchise Agreement concerning arbitration, any litigation arising on claims under the Maryland Franchise Registration and Disclosure Law may be brought by Franchisee in Maryland.

3. **Limitation on Claims**. Nothing in the Franchise Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. **General Release**. No provisions in the Franchise Agreement requiring Franchisee to sign a general release, including as a condition of renewal, sale and/or assignment or transfer, will release any claim Franchisee may have under the Maryland Franchise Registration and Disclosure Law.

5. **Arbitration**. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

ADDENDUM TO FRANCHISE AGREEMENT
FOR MINNESOTA

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **No Release of State Law**. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

2. **Jurisdiction**. The Franchise Agreement is subject to Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J), which prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. **Notice**. The Franchise Agreement is subject to Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

4. **No Jury Trial Wavier, Liquidated Damages, Etc**. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisor cannot require Franchisee to waive its rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes, pursuant to Minn. Rule 2860.4400(D).

5. **Insufficient Funds Fee**. The Franchise Agreement is subject to Minnesota Statutes, § 604.113. Accordingly, Section 4.7(c) of the Franchise Agreement is hereby amended as follows:

> Franchisee shall pay Franchisor a fee of $30, or the maximum allowed by applicable state law, if bank payment is refused for any check or pre-authorized draft received by Franchisor from Franchisee due to "insufficient funds" or otherwise.

6. **Injunctive Relief**. Notwithstanding anything in the Franchise Agreement to the contrary, pursuant to Minn. Rule 2860.4400(J), Franchisor cannot require Franchisee to consent to Franchisor obtaining injunctive relief. A court will determine if a bond is required.

7. **Limitation of Claims**. Nothing in the Franchise Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Minnesota Statutes, § 80C.17. All claims arising under Minnesota Statutes, § 80C.17 must be brought within 3 years after the cause of action accrues.

8. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

ADDENDUM TO FRANCHISE AGREEMENT
FOR WASHINGTON

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Franchise Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Franchise Agreement"), as follows:

1. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. **Relationship.** RCW 19.100.180 may supersede the Franchise Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of the Franchise Agreement. There may also be court decisions which may supersede the Franchise Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of the Franchise Agreement.

3. **Arbitration or Mediation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will either be 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, 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.

4. **Waiver of Rights.** A release or waiver of rights signed by Franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when signed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effectuating a transfer.

6. **Noncompetition Covenant.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. **Nonsolicitation**. 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.

8. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Franchise Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for Use in Washington effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

EXHIBIT B

AREA DEVELOPMENT AGREEMENT

BODYROK

AREA DEVELOPMENT AGREEMENT

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AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement") is made on _________________, 20 __ (the "Effective Date") by and between _________________________________, a ___________________________ ("Franchisee") and BODYROK Franchise USA, LP, a Missouri limited partnership, doing business as BODYROK ("Franchisor").

Franchisee or its affiliated company is concurrently entering into a Franchise Agreement with Franchisor, under the terms of which Franchisee is being granted a right to open and operate a BODYROK fitness studio Franchisor has consented to ("Outlet"), under the BODYROK trademarks and in accordance with Franchisor's business format.

In consideration of the mutual promises, covenants, agreements and conditions contained in this Agreement, and other good and valuable consideration, Franchisee and Franchisor hereby agree as follows.

I. GRANT OF RIGHTS TO OPEN ADDITIONAL OUTLETS

1.1 Development Rights.

(a) Subject to the terms and conditions contained herein, during the term of this Agreement, Franchisor hereby grants to Franchisee the right, and Franchisee hereby agrees, to establish and operate within the Development Area the cumulative number of Outlets identified on, in accordance with, the schedule of openings attached hereto as Exhibit 1 (the "Development Schedule").

(b) So long as Franchisee's obligations under the Development Schedule are being met on a timely basis and until this Agreement expires or terminates, Franchisor will not itself nor allow any other licensee or franchisee to operate an Outlet within the geographical area (the "Development Area") indicated in Exhibit 1.

(c) If Franchisor becomes insolvent or declares bankruptcy or is no longer authorized to offer and sell franchises in Franchisee's state because of a lapse of applicable franchise registration or other reason, Franchisee will continue to have the right to develop Outlets under this Agreement until and unless a court issues an order otherwise.

(d) This Agreement is not a license or a franchise agreement. It does not give Franchisee the right to operate Outlets or to use any part of the System, or the Marks. In addition, this Agreement does not give Franchisee the right to license others to operate Outlets or use any part of the System or the Marks. This Agreement grants Franchisee the right, and Franchisee accepts the obligation, to timely develop the specified Outlets at locations solely within the Development Area approved by Franchisor. Each Outlet developed pursuant to this Agreement shall be established and operated only in strict accordance with a separate franchise agreement. Franchisee's right to use any part of the System or the Marks shall only be derived under a franchise agreement with Franchisor.

1.2 Franchise Agreements.

(a) When Franchisee opens an Outlet under the Development Schedule, Franchisee must enter into Franchisor's then current form of Franchise Agreement for that Outlet. So long as Franchisee is in good standing under this Agreement, Franchisee will continue to have, during the term of this Agreement, the exclusive right to open and operate Outlets in the Development Area in accordance with the Development Schedule.

(b) Each Franchise Agreement executed pursuant hereto will provide that Franchisor and Franchisor's affiliates may not open or operate, or franchise or license the operation of, any Outlet within the protected territory granted to Franchisee pursuant to such Franchise Agreement.

1.3 Term.

The term of this Agreement commences on the Effective Date and, unless sooner terminated by Franchisee's material breach hereof, shall expire on the first to occur of: (1) the date the last Outlet required to be opened as set forth in the Development Schedule actually opens for business; or (2) the date the last Outlet was required to be opened as set forth in the Development Schedule. Franchisee shall have no right to renew this Agreement. There will be no extensions or renewal periods relating to the Development Schedule unless done so in writing by Franchisor.

1.4 Effect of Expiration.
Unless an additional development right has been agreed to pursuant to section 2.4 hereof and a restated or revised Development Schedule has been initialed by Franchisee and Franchisor, upon the expiration or termination of this Agreement, (i) Franchisee will have no further right to construct, equip, own, open or operate additional Outlets that are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between Franchisee (or an affiliate of Franchisee) and Franchisor which is then in full force and effect, and (ii) Franchisor or its affiliates may thereafter themselves construct, equip, open, own or operate, and license others to (or grant development rights to) construct, equip, open, own or operate Outlets anywhere, including in the Development Area, subject only to the territorial rights granted under an applicable Franchise Agreement for an Outlet.

1.5 No Subfranchising Rights.
Franchisee does not have the right under this Agreement to execute any subfranchise or sublicense agreements for BODYROK Outlets with anyone.

II. DEVELOPMENT OBLIGATIONS

2.1 Development Obligations.

(a) Franchisee must construct, equip and open each additional Outlet not later than the date specified in Exhibit 1 applicable to the Outlet, and thereafter continue to operate the Outlet.

(b) Any Outlet developed hereunder which is open and operating and which has been assigned to an affiliate of Franchisee, or to another BODYROK franchisee, or to a third party with Franchisor's consent, will continue to be considered as partial satisfaction of Franchisee's obligations under the Development Schedule for so long as the assignee remains in good standing under the Franchise Agreement relating to that Outlet.

2.2 Timing of Execution of Leases and Franchise Agreements.

(a) Notwithstanding anything to the contrary contained herein, on or before 90 days before the date an Outlet is required to be opened, Franchisee must have executed a Franchise Agreement, paid any required Initial Franchise Fee, and executed a lease for the premises where the Outlet will be located.

(b) Regarding the location, equipping, opening and operation of an Outlet that Franchisee is opening under the Development Schedule, Franchisee must comply with the Franchise Agreement that is applicable to that Outlet.

2.3 Force Majeure.

(a) The term "*Force Majeure*" means natural disasters (such as tornadoes, earthquakes, hurricanes, floods, fires or other natural catastrophes); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; or other similar forces which Franchisee could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by any federal, state, county, municipal and local governmental and quasi-governmental agency, commission or authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, landlord, or other person will be a *Force Majeure*, except to the extent such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise a *Force Majeure*. For the avoidance of doubt, Franchisee's financial inability to perform or Franchisee's insolvency will not be a *Force Majeure* hereunder.

(b) Subject to Franchisee's continuing compliance with section 2.3(c) below, should Franchisee be unable to meet its development obligation for a scheduled additional Outlet solely as the result of a *Force Majeure* which results in Franchisee's inability to construct or operate the Outlets pursuant to the terms of this Agreement, the date on which the scheduled additional Outlet is to be opened will be extended by an amount of time equal to the time period during which the *Force Majeure* exists.

(c) In the event of the occurrence of a *Force Majeure*, Franchisee must notify Franchisor in writing within 10 business days following commencement of the alleged *Force Majeure* of the specific nature and extent of the *Force Majeure*, and how it has impacted Franchisee's performance hereunder. Franchisee must continue to provide Franchisor with updates and all information as may be requested by Franchisor, including Franchisee's progress and diligence in responding to and overcoming the *Force Majeure*.

(d) Franchisor will not be liable to Franchisee for any consequential damages, including lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Franchisee by reason of any conduct not due to Franchisor's gross negligence or intentional misfeasance.

2.4 Termination of Agreement and Limited Additional Development Rights.

(a) Notwithstanding the termination or expiration of this Agreement, all rights under Franchise Agreements that Franchisee executes for the Outlets developed under this Agreement remain in full force and effect. If Franchisee desires to engage in further development in excess of the obligations committed to under the Development Schedule, Franchisee must at the earlier of (i) 180 days prior to the scheduled expiration of the term hereof or (ii) the date on which acceptance of the proposed site for the last Outlet required to meet the Development Schedule is issued, notify Franchisor in writing of Franchisee's desire to develop additional Outlets and present its plan for such development over a new term, setting forth the number of proposed additional Outlets and the deadlines for the development of each of them within such proposed term. Franchisor has the sole discretion to determine whether such additional development is desirable, and if Franchisor agrees to allow Franchisee to develop additional Outlets, it will be subject to the conditions set forth in section 2.4(b) below. Otherwise, the exclusive development rights granted under this Agreement may not be extended.

(b) Franchisee's rights to additional development described in this section 2.4 are subject to Franchisee's fulfillment of the following conditions:

(i) Franchisee (and each of Franchisee's affiliates developing or operating Outlets) must have fully performed all of Franchisee's obligations under this Agreement and all other agreements between Franchisee (or the applicable affiliate) and Franchisor.

(ii) Franchisee must have demonstrated to Franchisor Franchisee's financial capacity to perform the additional development obligations set forth in any restated or revised Development Schedule.

(iii) Franchisee and Franchisor must agree to, and initial, a restated or revised Development Schedule and pay any applicable fee.

III. DEVELOPMENT FEE

3.1 Development Fee.

(a) When Franchisee executes this Agreement, Franchisee will also concurrently execute a Franchise Agreement for the initial Outlet to be open and operated by Franchisee. However, by executing this Agreement, instead of the Initial Franchise Fee for a single Outlet as indicated in section 4.1(a) of the Franchise Agreement executed by Franchisee, Franchisee will pay the following:

(i) If Franchisee is agreeing to develop and open three Outlets under this Agreement, then Franchisee shall pay Franchisor a "Development Fee" of $75,000, which shall be credited against the initial franchise fee due for each of the three Outlets that Franchisee is to develop under this Agreement at the rate of $40,000 for the first Outlet, $17,500 for the second Outlet, and $17,500 for the third Outlet. So long as Franchisee timely opens the Outlets in accordance with the Development Schedule, the initial franchise fee for the second and third Outlets will be discounted to $17,500 each. If, however, Franchisee fails to open any of the Outlets by the dates set forth on the Development Schedule, then the initial franchise fee for the remaining Outlets to be opened under this Agreement shall be the full $40,000 each. Franchisee shall pay the balance of the initial franchise fee due for each such Outlet upon execution of the Franchise Agreement for each such Outlet. If Franchisee is opening three Outlets, check here [ ].

(ii) If Franchisee is agreeing to develop and open two Outlets under this Agreement, then Franchisee shall pay Franchisor a "Development Fee" of $80,000, which shall be credited against the initial franchise fee due for each of the two Outlets Franchisee is to develop under this Agreement at the rate of $40,000 for the first Outlet and $40,000 for the second Outlet. If Franchisee is opening two Outlets, check here [ ].

(b) The Development Fee is payable in immediately available funds and, when paid, the Development Fee is not refundable.

3.2 Franchise Agreements for Additional Outlets.
Each Outlet to be opened pursuant hereto will require execution by Franchisee and Franchisor of a separate Franchise Agreement (using Franchisor's then current form thereof) respecting that additional Outlet. Notwithstanding the foregoing, if Franchisor is not legally able to deliver its franchise disclosure document ("FDD) to Franchisee by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending any such registration, or for any other reason beyond Franchisor's reasonable control, Franchisor may delay its consent to the location for Franchisee's proposed Outlet until such time as Franchisor is legally able to deliver an FDD, and such delay shall not constitute a default under this Agreement.

IV. TRANSFER OR ASSIGNMENT

4.1 Assignability.

(a) This Agreement has been entered into by Franchisor in reliance upon and in consideration of the singular personal qualifications, trust and confidence that Franchisor reposes in Franchisee. Accordingly, although Franchisee may assign individual Franchise Agreements, Franchisee may not assign this Agreement except as provided in Section 4.2 below.

(b) Franchisor may assign this Agreement in Franchisor's sole discretion and without Franchisee's consent, and Franchisee acknowledges Franchisor is permitted to do so without liability or obligation to Franchisee, and Franchisee expressly and specifically waives any claims, demands or damages arising from or related to any such assignment.

4.2 Transfers from Franchisee to an Affiliated Entity.
Franchisee may at any time without Franchisor's consent, but upon 30 days prior written notice to Franchisor, assign and transfer this Agreement to an entity (i) organized for the purpose of operating as a developer of Outlets and (ii) entirely owned by Franchisee. Any assignment and transfer to an affiliated entity must be evidenced by a written instrument, in form reasonably satisfactory to Franchisor, under the terms of which said business entity expressly assumes all of Franchisee's obligations hereunder, whether accrued at the time of such assignment or arising thereafter and agrees to be bound by all the terms and provisions of this Agreement to the same extent and in the same manner as Franchisee is. A copy of said instrument, executed by both Franchisee and said business entity must be delivered to Franchisor before the effective date of the transfer.

V. NON-COMPETITION

5.1 Restriction on Competitive Activities.
Franchisee, and each of its "Principal Equity Owners" (as defined in the Franchise Agreement), must comply with the non-competition covenants contained in each effective Franchise Agreement executed by Franchisee and Franchisor.

5.2 Website and Unauthorized Advertising.
Neither Franchisee nor any principal equity owner of Franchisee may establish a separate website or register an Internet domain name containing, or otherwise advertise on the Internet or anywhere else, the trademark "BODYROK", or marks similar to "BODYROK", or any combination or derivations thereof, or any other trademarks of Franchisor, except as specifically authorized by Franchisor in writing.

VI. DEFAULT AND TERMINATION

6.1 General.
This Agreement may be terminated by Franchisor if Franchisee (i) fails to comply with any obligation, duty or promise under this Agreement, including failure to open an Outlet within the time specified in the Development Schedule, after being given a notice of default and 30 days opportunity to cure the default, or (ii) is in material breach of any Franchise Agreement which Franchisee (or Franchisee's affiliated entity) entered into with Franchisor.

6.2 Operation of Opened Outlets after Termination or Expiration.
If Franchisor terminates this Agreement for the reasons described in section 6.1 above, Franchisee will be able to maintain ownership and operation of the Outlets which Franchisee has developed so long as Franchisee is not in material breach of the applicable Franchise Agreements; however, Franchisee will forfeit (i) any further exclusive rights under the Development Schedule and this Agreement, and (ii) any reduction of the Initial Franchise Fee or any rights to have a credit applied against the Initial Franchise Fee for Outlets which were not developed.

VII. DISPUTE RESOLUTION

7.1 Initial Steps to Resolve a Dispute; Mediation.

(a) Franchisor and Franchisee have entered a long-term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in the overall best interests of the System, as contemplated by this Agreement. Consequently, Franchisee and Franchisor agree to sincerely attempt in good faith to resolve disagreements or disputes before commencing arbitration. Good faith communications between Franchisee and Franchisor are an important aspect of that obligation. The parties hereby pledge and agree that prior to commencing arbitration they will first attempt to resolve any dispute, claim or controversy arising out of or relating to the relationship between the parties, this Agreement or any alleged breach hereof, including any claim that this Agreement or any part hereof is invalid, illegal or otherwise voidable or void (collectively, "Dispute") by first having Franchisor's executive officers and Franchisee's Principal Equity Owners meet in person within five business days after a party notifies the other party that a Dispute has arisen at Franchisor's principal executive office (without their respective legal counsel) to conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement ("Settlement Conference").I If a party refuses to participate in the settlement meeting or mediation within the respective time frames set forth in this section 7.1, the other party may immediately commence an arbitration proceeding pursuant to section 7.2 below.

(b) If the parties are unable to settle the Dispute at the Settlement Conference, then 10 business days after the date the Settlement Conference took place (or should have taken place), Franchisee and Franchisor may submit the dispute to non-binding mediation conducted by a mediator who has experience in Franchise and Distribution Law at a location in St. Louis, Missouri mutually agreeable to both parties. If the Dispute is not referred to mediation within 10 business days after Settlement Conference took place (or should have taken place), the Dispute may be immediately submitted to binding resolution through arbitration proceedings pursuant to section 7.2 below. Any mediation proceedings should be completed within 60 days following the date either party first gives notice of mediation. The fees and expenses of the mediator will be shared equally by the parties. The mediator will be disqualified as a witness, expert or counsel for any party with respect to the Dispute and any related matter.

(c) Mediation is a compromise negotiation and will constitute privileged communications under the law governing this Agreement. The entire mediation process will be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and the parties will not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible will not be excluded from discovery or admission because of its use in the mediation.

7.2 Arbitration.

(a) any Dispute between Franchisor (or its affiliated entities) and Franchisee (or its Principal Equity Owners or affiliated entities) not settled through the procedures described in

section 7.1 above will be resolved through binding arbitration by JAMS, Inc. in accordance with its Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than $250,000) or its Comprehensive Arbitration Rules and Procedures (if the amount in controversy is $250,000 or more), or if the parties in dispute agree, through binding arbitration by any other mutually agreeable arbitrator. It is explicitly agreed by each of the parties hereto no arbitration of any Dispute may be commenced except in accordance with this section 7.2.

(b) All hearings and other proceedings will take place at the JAMS business location in or near Saint Louis, Missouri.

(c) Either party may present briefs and affidavits of witnesses who are unable to attend hearings. A limited amount of discovery is permitted within the discretion of the arbitrator (including affidavits, interrogatories and depositions). The arbitrator will have the right to award or include in the award any relief that the arbitrator deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance and injunctive relief, provided that the arbitrator will not have the right to declare any Mark generic or otherwise invalid or to award punitive damages. If either party fails to appear or participate in the arbitration proceeding, the other party will be entitled to a default judgment award. The arbitration award will be final and binding on the parties, and judgment on the award may be entered in any federal or state court having jurisdiction.

(d) TO THE MAXIMUM EXTENT PERMITTED BY LAW, ALL CLAIMS BROUGHT UNDER THIS AGREEMENT WILL BE BROUGHT IN AN INDIVIDUAL CAPACITY. THIS AGREEMENT MAY NOT BE CONSTRUED TO ALLOW OR PERMIT THE CONSOLIDATION OR JOINDER OF OTHER CLAIMS OR CONTROVERSIES INVOLVING ANY OTHER FRANCHISEES OR PERMIT SUCH CLAIMS OR CONTROVERSIES TO PROCEED AS A CLASS ACTION, CLASS ARBITRATION, COLLECTIVE ACTION, OR ANY SIMILAR REPRESENTATIVE ACTION. NO ARBITRATOR WILL HAVE THE AUTHORITY UNDER THIS AGREEMENT TO ORDER ANY SUCH CLASS OR REPRESENTATIVE ACTION. BY SIGNING BELOW, FRANCHISEE EXPRESSLY AGREES TO WAIVE ALL SUBSTANTIVE OR PROCEDURAL RIGHTS FRANCHISEE MAY HAVE TO BRING AN ACTION ON A CLASS, COLLECTIVE, REPRESENTATIVE OR OTHER SIMILAR BASIS.

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

(f) This arbitration provision is deemed to be self-executing and will remain in full force and effect after expiration or termination of this Agreement.

(g) The provisions of this section 7.2 are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after (and notwithstanding) the expiration or termination of this Agreement. Furthermore, this section 7.2 will be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of such provisions are unlawful in any way, the court is respectfully requested to modify or interpret such provisions to the minimum extent necessary to comply with applicable law.

[Franchisor's Initials: _______ Franchisee's Initials: ________]

7.3 Injunctive Relief.

Any party has the right in a situation where there is an imminent threat of harm to the legal rights of that party and damages would not be adequate relief to seek a temporary restraining order and temporary or preliminary injunctive relief from a court of competent jurisdiction in St. Louis County, Missouri, without the necessity of posting any bond and without the necessity of first complying with sections 7.1 and 7.2 above, and if bond is nevertheless required by a court of competent jurisdiction, the parties agree that the sum of $1,000 will be a sufficient bond (this amount may be adjusted by changes in the Consumer Price Index since the Effective Date). If an arbitration proceeding has already commenced pursuant to section 7.2 above when a party seeks injunctive relief, then the party seeking such injunctive relief agrees to contemporaneously submit the merits of its dispute to the arbitrator. The existence of a proceeding commenced under section 7.1 or 7.2 above will in no event abate or otherwise affect the ability of party to seek injunctive relief under this section 7.3. Franchisee acknowledges its failure to comply fully with any of the terms of this Agreement respecting the obligations regarding examinations, audits and the Marks could cause irreparable damage to Franchisor or other affiliated persons or entities and Franchisor or Franchisor's affiliates may seek injunctive relief to protect the Marks. This covenant is independent, severable and enforceable notwithstanding any other rights or remedies that any party may have.

7.4 Legal Fees and Expenses.
The prevailing party in any arbitration or litigation to resolve a dispute between any of the parties hereto will be entitled to recover from the losing party reasonable legal fees (and incurred costs of the prevailing party's counsel) incurred by the prevailing party in bringing or defending such arbitration, action or proceeding or enforcing any resulting award or judgment (including without limitation arbitration or court filing fees, expert and other witness fees, discovery expenses and compensation payable to the arbitrator), whether incurred prior to or in preparation for or in contemplation of the filing of the action or thereafter. The prevailing party will be determined by the arbitrator or court. This section 7.4 is (i) intended to be expressly severable from the other provisions of this Agreement, (ii) intended to survive any judgment, and (iii) not to be deemed merged into the judgment.

7.5 Venue.
Franchisor and Franchisee agree that any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 7.2, must be brought exclusively in a court of competent jurisdiction in St. Louis County, Missouri. Franchisor and Franchisee hereby irrevocably submit themselves to, and consent to, the jurisdiction of said courts and waive any objection that he, she or it may have to the laying of venue of any such suit, action, or proceeding in any of such courts. The provisions of this Section will survive termination or expiration of this Agreement.

7.6 Waiver of Jury Trial.
ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION OF ANY PROVISION OF THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR ANY CLAIMS ARISING OUT OF THIS AGREEMENT, WHETHER NOW EXISTING OR ARISING IN THE FUTURE.

7.7 Survival.
The terms of this Article VII survive termination, expiration or cancellation of this Agreement.

VIII. NOTICES

8.1 Notices.

(a) All notices that the parties hereto are required or may desire to give under or in connection with this Agreement must be in writing and (unless personally delivered by an agent of the sending party) must be sent by reliable overnight courier, for delivery on the next business day and addressed as follows, with a copy emailed to the email addresses below:

(i) If to Franchisor:

BODYROK FRANCHISE USA, LP
138 NORTH MERAMEC AVENUE, SUITE 108
SAINT LOUIS, MISSOURI 63105-3704

E-Mail: Jake@bodyrok.com

(ii) If to Franchisee:

____
____
____

E-Mail: ____________________

(b) Notices between Franchisee and Franchisor will be deemed given the earlier of (i) the next business day after deposit with a reliable overnight courier, properly addressed and marked for delivery on the next business day, or (ii) when delivered in person by an agent of the sending party.

(c) Any change in the addresses listed in section 16.1(a) above must be sent to the other party as soon as practicable after the change occurs by reliable overnight courier or delivered in person.

IX. GENERAL TERMS AND PROVISIONS

9.1 Governing Law.
The Federal Arbitration Act (9 U.S.C. §1 *et seq.*) governs the arbitration of disputes under this Agreement. Otherwise, the laws of Missouri govern this Agreement and all related matters, documents and agreements, without regard to conflicts of laws. If any provision of this Agreement is impermissible under a governing law, the provision will be deemed amended to conform to that law while maintaining to the maximum extent possible the original intent of the provision, or if the provision as amended cannot substantially maintain the original intent, then the provision will be deemed deleted.

9.2 Modification.
This Agreement cannot be modified or changed except by a written instrument signed by all of the parties hereto.

9.3 Waiver and Delay.
No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect by Franchisor either to exercise any right of Franchisor hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement, will constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of Franchisor's right at any time thereafter to require exact and strict compliance with the provisions thereof.

9.4 Severability; Partial Invalidity.
Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter will prevail, but in such event the provision of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, article, section, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed appropriately modified, and the remaining parts thereof will continue in full force and effect.

9.5 Titles for Convenience Only.
Section titles used in this Agreement are for convenience only and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement.

9.6 No Third-Party Beneficiaries.
This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity (other than financing sources to whom Franchisor has granted or consented to a collateral assignment of this Agreement) will be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

9.7 Survival of Covenants.
The covenants contained in this Agreement which by their terms require performance by the parties after the expiration or termination of this Agreement will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.8 Successors and Assigns.
This Agreement is binding upon (i) Franchisor and inures to the benefit of Franchisor's successors and assigns and (ii) Franchisee and inures to the benefit of Franchisee's successors and assigns, subject to the restrictions on any assignment by Franchisee contained herein.

9.9 Counterparts.
This Agreement may be executed in any number of copies, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument.

9.10 Entire Agreement.
This Agreement contains all of the terms and conditions agreed upon by Franchisee and Franchisor with respect to the subject matter hereof, provided however, that nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the BODYROK franchise disclosure document provided to Franchisee. No other agreements oral or otherwise will be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. Franchisee acknowledges it executed this Agreement without reliance upon any representation or promise not contained herein.

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

FRANCHISEE:

____

By: _______________________________

____
[PRINT NAME AND TITLE]

FRANCHISOR:

BODYROK Franchise USA, LP
dba BODYROK

By: _______________________________
Jake Irion, Manager and CEO

EXHIBIT 1 - DEVELOPMENT SCHEDULE AND DEVELOPMENT AREA

The initial Outlet (or Outlet 1) is to be opened and operated under the concurrently signed Franchise Agreement. Additional Outlets will be opened at sites that Franchisor have reviewed and consented to, all of which will be located in the “Development Area” described either [ ] in the map immediately following this Exhibit 1 or [ ] as follows:

____
____
____

Franchisee must open (and thereafter maintain) Outlets in accordance with the following schedule:

NUMBER OF OUTLET	DATE BY WHICH ADDITIONAL OUTLET MUST BE OPENED
1	
2	
3	

Franchisor may defer a scheduled opening date in the table above if Franchisor determines, in its reasonable discretion, Franchisee made a diligent effort to open an Outlet according to the schedule but was unable to do so due to reasons beyond Franchisee’s reasonable control.

FRANCHISOR: BODYROK Franchise USA, LP

By: ______________________________
Jake Irion, Manager and CEO

FRANCHISEE: ____________________

By: ______________________________

Name: ____________________________

As its: ____________________________

ADDENDUM TO AREA DEVELOPMENT AGREEMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR CALIFORNIA FRANCHISEES

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and ________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Area Development Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Area Development Agreement"), as follows:

1. **No Disclaimer or Waiver as to Fraud in the Inducement**. 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 or inconsistent term of any document executed in connection with the franchise.

2. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for California Franchisees effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR ILLINOIS FRANCHISEES

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Area Development Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Area Development Agreement"), as follows:

1. Illinois law governs the Area Development Agreement.

2. Payment of the Development Fee will be deferred until Franchisor has met its initial obligations and Franchisee has commenced business operations of the first outlet. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Area Development Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, arbitration may take place outside of Illinois.

4. Franchisees' rights upon Termination and Non-Renewal are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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.

6. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for Illinois Franchisees effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR MARYLAND

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and __________________________________, a ____________________ (referred to in this Addendum as "Franchisee") and amends the Area Development Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Area Development Agreement"), as follows:

1. **No Release, Estoppel or Waiver of State Law**. Nothing in the Area Development Agreement is intended to nor will it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. **Jurisdiction**. Subject to the provisions in the Area Development Agreement concerning arbitration, any litigation arising on claims under the Maryland Franchise Registration and Disclosure Law may be brought by Franchisee in Maryland.

3. **Limitation on Claims**. Nothing in the Area Development Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. **General Release**. No provisions in the Area Development Agreement requiring Franchisee to sign a general release, including as a condition of renewal, sale and/or assignment or transfer, will release any claim Franchisee may have under the Maryland Franchise Registration and Disclosure Law.

5. **Arbitration**. The Area Development Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

6. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ___________________________	As its: ___________________________

ADDENDUM TO AREA DEVELOPMENT AGREEMENT
FOR MINNESOTA

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Area Development Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Area Development Agreement"), as follows:

1. **No Release of State Law**. Notwithstanding anything in the Area Development Agreement to the contrary, Franchisor will not require Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

2. **Jurisdiction**. The Area Development Agreement is subject to Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J), which prohibit Franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in the Area Development Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. **Notice**. The Area Development Agreement is subject to Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) of the Area Development Agreement and 180 days' notice for non-renewal of the franchise agreement. There are no renewal rights in the Area Development Agreement.

4. **No Jury Trial Wavier, Liquidated Damages, Etc**. Notwithstanding anything in the Area Development Agreement to the contrary, Franchisor cannot require Franchisee to waive its rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes, pursuant to Minn. Rule 2860.4400(D).

5. **Insufficient Funds Fee**. The Area Development Agreement is subject to Minnesota Statutes, § 604.113. Franchisee shall pay Franchisor a fee of $30 if bank payment is refused for any check or pre-authorized draft received by Franchisor from Franchisee due to "insufficient funds" or otherwise.

6. **Injunctive Relief**. Notwithstanding anything in the Area Development Agreement to the contrary, pursuant to Minn. Rule 2860.4400(J), Franchisor cannot require Franchisee to consent to Franchisor obtaining injunctive relief. A court will determine if a bond is required.

7. **Limitation of Claims**. Nothing in the Area Development Agreement will reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under Minnesota Statutes, § 80C.17. All claims arising under Minnesota Statutes, § 80C.17 must be brought within 3 years after the cause of action accrues.

8. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum effective on the Effective Date.

FRANCHISOR:
BODYROK Franchise USA, LP

By: ______________________________

Name: ____________________________

As its: ____________________________

FRANCHISEE:

By: ______________________________

Name: ____________________________

As its: ____________________________

ADDENDUM TO AREA DEVELOPMENT AGREEMENT FOR WASHINGTON

This Addendum ("Addendum") is entered into this _______________, 20___ (the "Effective Date"), between BODYROK Franchise USA, LP, a Missouri limited partnership ("Franchisor"), and _________________________________, a ___________________ (referred to in this Addendum as "Franchisee") and amends the Area Development Agreement between Franchisor and Franchisee dated as of the Effective Date (the "Area Development Agreement"), as follows:

1. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. **Relationship.** RCW 19.100.180 may supersede the Area Development Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of the Area Development Agreement. There may also be court decisions which may supersede the Area Development Agreement in Franchisee's relationship with Franchisor, including the areas of termination and renewal of the Area Development Agreement.

3. **Arbitration or Mediation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will either be 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 Area Development Agreement, 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.

4. **Waiver of Rights.** A release or waiver of rights signed by Franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when signed pursuant to a negotiated settlement after the Area Development Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effectuating a transfer.

6. **Noncompetition Covenant.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. **Nonsolicitation**. 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 Area Development Agreement or elsewhere are void and

unenforceable in Washington.

8. **Precedence and Defined Terms**. Terms not otherwise defined in this Addendum shall have the meanings as defined in the Area Development Agreement.

Intending to be bound, Franchisor and Franchisee sign and deliver this Addendum for Use in Washington effective on the Effective Date.

FRANCHISOR: BODYROK Franchise USA, LP	FRANCHISEE: ____________________
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
As its: ____________________________	As its: ____________________________

EXHIBIT C

FINANCIAL STATEMENTS

BODYROK FRANCHISE USA, LP

Financial Statements
and
Independent Auditor's Report
For the Year Ended December 31, 2023

BodyRok Franchise USA, LP

Contents

Independent Auditor's Report

Management and Partners
BodyRok Franchise USA, LP
Clayton, Missouri

Opinion

We have audited the accompanying financial statements of BodyRok Franchise USA, LP (a Missouri limited partnership), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and changes in partners' equity (deficit) and cash flows for the year then ended, 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 BodyRok Franchise USA, LP as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 BodyRok Franchise USA, LP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 BodyRok Franchise USA, LP'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 BodyRok Franchise USA, LP'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 BodyRok Franchise USA, LP's ability to continue as a going concern for a reasonable period of time.

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

Hancock Askew & Co, LLP

Tampa, Florida
June 17, 2024

BodyRok Franchise USA, LP

Balance Sheet

December 31,		**2023**
ASSETS		
Current assets		
Cash and cash equivalents	**$**	**346,278**
Accounts receivable		**59,717**
Prepaid expenses, current portion		**8,000**
Total current assets		**413,995**
Other assets		
Equipment, net		**64,870**
Prepaid expenses, net of current portion		**49,500**
Deposit on equipment		**572,000**
Total assets	**$**	**1,100,365**
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities		
Accounts payable	**$**	**47,702**
Deferred revenue, current		**886,561**
Total current liabilities		**934,263**
Long-term liabilities		
Deferred revenue, net of current portion		**351,309**
Total liabilities		**1,285,572**
Partners' deficit		**(185,207)**
Total liabilities and partners' deficit	**$**	**1,100,365**

The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP

Statement of Operations and Changes in Partners' Equity (Deficit)

For the Year Ended December 31,		**2023**
Revenues		
Initial franchise fees	$	**76,642**
Royalty fees		**503,740**
Transfer fee		**2,500**
Technology fees		**90,576**
Marketing fees		**82,222**
Music licensing fees		**2,502**
Total revenues		**758,182**
Operating expenses		
Management fees		**760,501**
Consulting fees		**160,462**
Marketing		**46,208**
Legal & professional fees		**28,507**
Depreciation expense		**13,130**
Training facility expense		**4,500**
Bad debt expense		**2,549**
Bank fees		**1,659**
Postage		**871**
Total operating expenses		**1,018,387**
Total operating loss		**(260,205)**
Net loss		**(260,205)**
Partners' equity, beginning balance		**89,998**
Distributions		**(15,000)**
Partners' deficit, ending balance	**$**	**(185,207)**

The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP

Statement of Cash Flows

For the Year Ended December 31,		**2023**
Operating activities		
Net loss	**$**	**(260,205)**
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation expense		**13,130**
Bad debt expense		**2,549**
Changes in assets and liabilities		
Increase in accounts receivable		**(24,508)**
Increase in deposit on equipment		**(572,000)**
Increase in prepaid expenses		**(57,500)**
Increase in accounts payable		**30,940**
Increase in deferred revenue		**1,095,358**
Net cash provided by operating activities		**227,764**
Provided by investing activity		
Purchases of equipment		**(78,000)**
Net cash used in investing activity		**(78,000)**
Provided by financing activity		
Distributions to partners		**(15,000)**
Net cash used in financing activity		**(15,000)**
Net increase in cash		**134,764**
Cash and cash equivalents, beginning of year		**211,514**
Cash and cash equivalents, end of year	**$**	**346,278**

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

Nature of Business

BodyRok Franchise USA, LP (the Company) was established on March 10, 2021, to engage primarily in the business of offering and selling franchising services, specifically the ownership and operation of exercise stores located primarily in the United States of America. At December 31, 2023, there were 18 open and operating franchise locations and 25 additional franchise locations with signed agreements in various stages of development.

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state law requires that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchises. The Company must also complete franchise registrations, pursuant to state law, in those states where franchises are planned to be sold.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could vary from these estimates and assumptions.

Basis of Accounting

The Company prepares its financial statements in conformity with the accounting principles generally accepted in the United States of America in which revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The carrying values of cash, accounts receivable, prepaid expenses, other current assets, deferred revenue, and accounts payable included in balance sheet approximate their fair value due to the short-term nature of these instruments.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with a single financial institution, and at times can exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. Accounts at each institution are insured by the FDIC up to $250,000. The Company believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable is recorded at the amount the Company expects to collect on balances owed at year-end. Allowance for credit losses is computed based on an analysis of collectability of accounts receivable at the balance sheet date and management writes off, as of year-end, all uncollectible balances. At December 31, 2023, management believes all receivables are fully collectible and no allowance has been provided for potentially uncollectible accounts receivable. The accounts receivable balance at December 31, 2023 and 2022 was $59,717 and $37,758, respectively.

1. Summary of Significant Accounting Policies (cont.)

Revenue Recognition

Initial Franchise Fees

A portion of the initial franchise fee of individual franchises is earned as the performance obligation is met at a point in time, which is the time of the store opening. The remainder of the initial franchise fee is earned over time and is recognized as revenue on a straight-line basis over the term of each respective franchise store agreement, which is typically five years. During the year ended December 31, 2023, revenue from performance obligations met at a point in time totaled $69,000. The remaining $7,642 of initial franchise fee revenue was from straight-line amortization of the remaining fees over the term of the agreements. Additional funds were received during the year from franchise agreements for stores that have not opened. The total of those funds, plus the remaining amortizable amounts from stores that are open total $665,870 and are reported as deferred revenue at December 31, 2023. The balance in deferred revenue at December 31, 2022 was $142,512.

Initial franchise fees are generally effective for an initial five-year franchise agreement. The initial franchise fee covers required training, pre-opening assistance, and the use of the BodyRok system, marks, and name for the five-year period. The use of the system, marks, and name are considered earned over the time of the agreement (earned over time).

Technology Fees

Technology fees are earned at the point in time when BodyROK Pilates machines are delivered to stores. The initial fee provides franchisees with the use of franchisor’s proprietary equipment, digital content, and playlists during the term of the franchise agreement. Beginning the first day of the second full calendar month after the opening date and during the entire initial term of the franchise agreement, franchisee shall pay franchisor a monthly equipment and technology fee of $131 per month per each BodyROK Pilates machine franchisee has at its store that is earned straight-line over the life of the franchise agreement. The total amount of technology fees from stores that are not open is $572,000 which is the balance reported as deferred revenue in the accompanying balance sheet at December 31, 2023. There were no deferred revenues recorded related to technology fees for the year ended December 31, 2022.

Royalty Fees and Marketing Fees

Royalty revenues are based on a percentage of the gross receipts of each individual franchisee (5%, subject to a minimum amount) and are recognized over time as the franchisees earn the revenue from their customers. Franchisees also pay a marketing and promotional fee (0.65% - 1%) recognized in the same way. Payments are calculated on a monthly basis and are due within three business days of the calendar month in which the franchisee received its gross revenues. The Company is responsible for spending the marketing fee (less a 15% administrative fee) on marketing or promotion.

Music License Fees

Music license fees are billed annually to each franchise and recognized over time. They are billed to franchisees at the beginning of the year on a calendar basis and recognized by the Company through the year.

1. Summary of Significant Accounting Policies (cont.)

Advertising Expenses

Advertising is expensed as incurred. Advertising costs for the period ended December 31, 2023 were $46,208.

Income Taxes

The Company has elected to be taxed as a Partnership under the provisions of the Internal Revenue Code (IRC) and state laws. Under these provisions, the Company does not pay federal or state corporate income taxes on its taxable income. Instead, the Members are liable for individual income taxes on the Company's income. Accordingly, no income taxes are recoded in the consolidated financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain tax position that more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Company and has concluded that as of December 31, 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company currently has no audits for any tax periods in progress.

Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 (Topic 326) which significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model which will be based on an estimate of current expected credit loss (CECL); and provides targeted improvements on evaluating impairment and recording credit losses on receivables through an allowance account. The standard also requires incremental disclosures. On January 1, 2023, the Company adopted the guidance prospectively. There was no material impact on retained earnings upon adoption.

2. Related Party Transactions

A company that is partially owned by a limited partner provides management services to the Company. There was no balance due to or from the related company at December 31, 2023. During the year ended December 31, 2023, a total of $760,501 was paid to the related entity as management fees, which covered shared expenses like insurance, marketing, professional fees, payroll, and software expenses.

The Company purchases equipment for the stores from a related party. During the year ended December 31, 2023, a total of $650,000 was paid to the related party for equipment, of which $572,000 was a deposit on equipment on the accompanying balance sheet.

3. Equipment, Net

Equipment consist of BodyROK Pilates machines which are owned by the Company for use by the stores as covered through the technology fee (see Note 1). Estimated useful lives of property and equipment are five years.

Gains or losses on the retirement, sale, or disposition of equipment are reflected in the statement of operations and changes in partners' equity (deficit) in the period in which the assets are taken out of service. Equipment is reviewed on an ongoing basis for impairment based on comparison of carrying value against undiscounted future cash flows. If impairment is identified, the asset's carrying amounts are adjusted to fair market value. There was no such adjustment during the year ended December 31, 2023.

3. Equipment, Net (cont.)

Property and Equipment, net consists of the following at December 31:

		2023
Equipment	$	**78,000**
Less: accumulated depreciation		**(13,130)**
Equipment, net	**$**	**64,870**

Depreciation expense related to equipment for the year ended December 31, 2023 was $13,130, and is included in accompanying statement of operations and changes in partners' equity (deficit).

4. Partners' Equity and Distributions

The Company is governed by its Limited Partnership Agreement (the Agreement) originally effective March 11, 2021, and executed by its initial general partner and limited partners.

Distributions

The Agreement outlines the following distribution methodology between partners.

Allocation of Profits and Losses

The net profits of the Company shall be allocated to the partners as follows:

i) First, until no partner has a deficit capital account;
ii) Second, until each partner's capital account equals its capital contributions; and
iii) Thereafter, the net profits of the Company shall be allocated to the partners in accordance with their partnership interest percentage.

Distribution Prior to Dissolution

Prior to dissolution of the Company, distributions shall be allocated as follows:

i) Net operating cash flow of the Company shall be distributed to the partners no less than quarterly in accordance with each partners' percentage interest.
ii) The general partner shall make an additional distributions, at its discretion, within 120 days after the close of each taxable year based upon the respective partnership interests equal to 50% of net operating cash flow for the previous period.
iii) Any net extraordinary cash flow shall be allocable first to the limited partners until they have received 100% of their capital account and shall thereafter be allocated to the general partner.

5. Subsequent Events

Management has evaluated subsequent events through June 17, 2024, the date on which the financial statements were available to be issued.

BodyRok Franchise USA, LP
Financial Statements
December 31, 2022

BodyRok Franchise USA, LP
Financial Statements
December 31, 2022

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4647 N. 32nd Street, Suite 220 ▪ Phoenix, AZ 85018
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INDEPENDENT AUDITORS' REPORT

To the Management
BodyRok Franchise USA, LP
Clayton, Missouri

Opinion
We have audited the accompanying financial statements of BodyRok Franchise USA, LP (a Missouri limited partnership), which comprise the balance sheet as of December 31, 2022, and the related statements of income and charges in partners' equity and cash flows for the year then ended, 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 BodyRok Franchise USA, LP as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 BodyRok Franchise USA, LP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 BodyRok Franchise USA, LP'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 BodyRok Franchise USA, LP'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 BodyRok Franchise USA, LP's ability to continue as a going concern for a reasonable period of time.

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

Ullmann & Company

Ullmann & Company, P.C.
Certified Public Accountants

June 9, 2023

BodyRok Franchise USA, LP
Balance Sheet
December 31, 2022

Assets

Current Assets		
Cash and Cash Equivalents	$	211,514
Accounts Receivable		37,758
Total Current Assets		249,272
Total Assets	$	249,272

Liabilities and Partners' Equity

Current Liabilities		
Accounts Payable	$	16,762
Deferred Revenue		142,512
Total Current Liabilities		159,274
Partners' Equity		89,998
Total Liabilities and Partners' Equity	$	249,272

The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP
Statement of Income and Changes in Partners' Equity
For the Year Ended December 31, 2022

Revenue	
Initial Franchise Fees	$ 27,486
Monthly Royalties	261,597
Total Revenue	289,083
Operating Expenses	
Bad Debt Expense	1,489
Bank Fees	224
Consulting Fees	55,800
Legal & Professional Fees	45,112
Management Fees	143,294
Marketing	11,600
Postage	948
State Taxes	800
Total Operating Expenses	259,267
Total Operating Income	29,816
Other Income (Expenses)	
Music Licensing Fees	834
Total Other Income (Expenses)	834
Net Income	30,650
Partners' Equity, Beginning Balance	59,348
Partners' Equity, Ending Balance	$ 89,998

The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities		
Cash Received from Franchisees	$	357,632
Payments to Suppliers		(245,707)
Net Cash Provided by Operating Activities		111,925
Net Increase in Cash and Cash Equivalents		111,925
Cash and Cash Equivalents at Beginning of Year		99,589
Cash and Cash Equivalents at End of Year	$	211,514
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Net Income	$	30,650
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		(24,797)
Increase (Decrease) in Accounts Payable		13,560
Increase (Decrease) in Deferred Revenue		92,512
Net Cash Provided by Operating Activities	$	111,925

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business. BodyRok Franchise USA, LP (the Company) was established on March 10, 2021 to engage primarily in the business of offering and selling franchising services, specifically the ownership and operation of exercise studios located primarily in the United States of America. At December 31, 2022, 14 franchises were in operation; of which eight were opened during the year ended December 31, 2022. The franchises are listed below.

Store Name	Market	Opening Date
Berkeley	Bay Area, CA	May 2016
Petaluma	Bay Area, CA	July 2017
Encinitas	So Cal, CA	August 2017
Oakland	Bay Area, CA	January 2019
Billings	Montana	January 2019
Del Mar	So Cal, CA	May 2021
Bankers Hill	San Diego, CA	March 2022
Nashville Gulch	Nashville, TN	April 2022
Tampa Bay	Tampa, FL	April 2022
Corte Madera	Bay Area, CA	July 2022
Brentwood	Nashville, TN	August 2022
Santa Rosa	Bay Area, CA	August 2022
Green Hills	Nashville, TN	December 2022
San Clemente	So Cal, CA	December 2022

Franchise operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state law requires that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchises. The Company must also complete franchise registrations, pursuant to state law, in those states where franchises are planned to be sold.

Use of estimates. Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could vary from these estimates and assumptions.

Basis of accounting. The Company prepares its financial statements in conformity with the accounting principles generally accepted in the United States of America in which revenue is recognized when earned and expenses are recognized when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Cash equivalents. The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable. Accounts receivable is recorded at the amount the Company expects to collect on balances owed at year-end. Allowance for doubtful accounts is computed based on an analysis of collectability of accounts receivable at the balance sheet date and management writes off, as of year-end, all uncollectible balances. At December 31, 2022, management believes all receivables are fully collectible and no allowance has been provided for potentially uncollectible accounts receivable. The accounts receivable balances at December 31, 2022 and 2021 were $37,758 and $12,961, respectively.

Revenue recognition. A portion of the initial sales revenue of individual franchises is earned as the performance obligation of training is met at the time of the store opening. The remainder of the initial sales revenue is earned over time and is recognized as revenue on a straight-line basis over the term of each respective franchise store agreement, which is typically five years. During the year ended December 31, 2022, revenue from performance obligations met through training totaled $24,167. The remaining $3,319 of initial franchise fee revenue was from straight-line amortization of the remaining fees over the term of the agreements. Additional funds were received during the year from franchise agreements for stores that have not opened. The total of those funds, plus the remaining amortizable amounts from stores that opened in 2022 is $142,512 and that balance is reported as deferred revenue at December 31, 2022. The balance in deferred revenue at December 31, 2021 was $50,000 and the portion of that balance recognized as revenue during the year ended December 31, 2022 is $18,667. Roughly half of these funds will be recognized upon store opening, which cannot be estimated.

Initial franchise fees are generally effective for an initial five-year franchise agreement. The initial franchise fee covers required training and the use of the BodyROK system, marks, and name for the five year period. The use of the system, marks, and name are considered earned over the time of the agreement (earned over time). The initial training is considered a separate performance obligation and is earned at a point in time when the training is completed.

Royalty revenues are based on a percentage of the gross receipts of each individual franchisee (5%, subject to a minimum amount) and are recognized over time as the franchisees earn the revenue from their customers. Franchisees also pay a marketing and promotional fee (0.65%) recognized in the same way. Payments are calculated on a monthly basis and are due within three business days of the calendar month in which the franchisee received its gross revenues. The Company is responsible for spending the marketing fee (less a 15% administrative fee) on marketing or promotion.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue recognition - continued. Music license fees are billed annually to each franchise and recognized over time. They are billed at the beginning of the year on a calendar basis and reflect the costs of the license fees to the Company. The Company's franchise agreements allow for an equipment and technology fee to be charged. To date, these have not been charged to franchisees.

The Company applies a portfolio approach in its review of contracts or performance obligations that have similar characteristics.

Advertising Expenses. Advertising is expensed as incurred. Advertising costs for the period ended December 31, 2022 were $11,600.

Income taxes. The Company is a limited partnership and the partners are liable for individual income taxes on the Company's taxable income. California assesses a limited partnership income tax for operations within California. During the year ended December 31, 2022, the Company accrued $800 in California state income tax (included in Accounts Payable balance).

NOTE 2 – RELATED PARTY TRANSACTIONS

A company that is partially owned by a limited partner provides management services to the Company. The management fee was expensed on the Company's books when paid, so there was no balance due to or from the related company at December 31, 2022. During the year ended December 31, 2022, a total of $143,294 was paid to the related entity as management fees, which covered shared expenses like insurance, marketing, professional fees, and software expenses.

NOTE 3 – CONCENTRATIONS

During the period ended December 31, 2022, revenues from three stores totaled $104,340, or 36% of all initial franchise revenue and royalties. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with a single financial institution, and at times can exceed FDIC insurance limits.

NOTE 4 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 9, 2023, the date on which the financial statements were available to be issued.

NOTE 4 – SUBSEQUENT EVENTS – Continued

In February 2023, the Company signed a new franchise agreement with a franchisee in Santa Barbara, California with a total franchise fee of $49,998.

BodyRok Franchise USA, LP
Financial Statements
March 10, 2021 (Inception) to December 31, 2021

BodyRok Franchise USA, LP
Financial Statements
March 10, 2021 (Inception) to December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Management
BodyRok Franchise USA, LP
Clayton, Missouri

Opinion
We have audited the accompanying financial statements of BodyRok Franchise USA, LP (a Missouri limited partnership), which comprise the balance sheet as of December 31, 2021, and the related statements of income and charges in partners' equity and cash flows for the period from March 10, 2021 to December 31, 2021, 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 BodyRok Franchise USA, LP as of December 31, 2021, and the results of its operations and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 BodyRok Franchise USA, LP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 BodyRok Franchise USA, LP'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 BodyRok Franchise USA, LP'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 BodyRok Franchise USA, LP's ability to continue as a going concern for a reasonable period of time.

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

Ullmann & Company

Ullmann & Company, P.C.
Certified Public Accountants

June 2, 2022

BodyRok Franchise USA, LP
Balance Sheet
December 31, 2021

Assets

Current Assets		
Cash and Cash Equivalents	$	99,589
Accounts Receivable		12,961
Total Current Assets		112,550
Total Assets	$	112,550

Liabilities and Partners' Equity

Current Liabilities		
Accounts Payable	$	3,202
Deferred Revenue		50,000
Total Current Liabilities		53,202
Partners' Equity		59,348
Total Liabilities and Partners' Equity	$	112,550

The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP
Statement of Income and Changes in Partners' Equity
For the Period from March 10, 2021 (Inception) to December 31, 2021

Revenue	
Monthly Royalties	$ 72,377
Total Revenue	72,377
Operating Expenses	
Accounting & Legal Fees	14,402
Bank Fees	17
Marketing	8,610
Total Operating Expenses	23,029
Net Income	49,348
Partners' Equity, Beginning Balance	-
Partner Contributions	10,000
Partners' Equity, Ending Balance	$ 59,348

The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP
Statement of Cash Flows
For the Period from March 10, 2021 (Inception) to December 31, 2021

Cash Flows from Operating Activities		
Cash Received from Franchisees	$	109,416
Payments to Suppliers		(19,827)
Net Cash Provided by Operating Activities		89,589
Cash Flows from Financing Activities		
Cash Contributions from Partners		10,000
Net Cash Provided by Financing Activities		10,000
Net Increase in Cash and Cash Equivalents		99,589
Cash and Cash Equivalents at Beginning of Year		-
Cash and Cash Equivalents at End of Year	$	99,589
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Net Income	$	49,348
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable		(12,961)
Increase (Decrease) in Accounts Payable		3,202
Increase (Decrease) in Deferred Revenue		50,000
Net Cash Provided by Operating Activities	$	89,589

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business. BodyRok Franchise USA, LP (the Company) was established on March 10, 2021 to engage primarily in the business of offering and selling franchising services, specifically the ownership and operation of exercise studios located primarily in the United States of America. Effective March 11, 2021, the Company received a transfer of six franchise agreements that were previously owned by a separate, related entity (with the same ownership structure). The Company started receiving monthly revenue in May 2021. At December 31, 2021, only these six franchises were in operation.

Store #	Store Name	Market	Opening Date
3	Berkeley	Bay Area, CA	May 2016
5	Petaluma	Bay Area, CA	July 2017
6	Encinitas	So Cal, CA	August 2017
11	Oakland	Bay Area, CA	January 2019
12	Billings	Montana	January 2019
13	Del Mar	So Cal, CA	May 2019

During the period ended December 31, 2021, three additional franchise agreements were entered into for future franchise operations.

Franchise Operations are regulated by the Federal Trade Commission (FTC) and various state laws regulating the offer and sale of franchises. The FTC's franchise rule and various state law requires that the Company furnish a franchise disclosure document ("FDD") containing certain information to prospective franchises. The Company must also complete franchise registrations, pursuant to state law, in those states where franchises are planned to be sold.

Basis of accounting. The Company prepares its financial statements in conformity with the accounting principles generally accepted in the United States of America in which revenue is recognized when earned and expenses are recognized when incurred.

Use of estimates. Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could vary from these estimates and assumptions.

Cash equivalents. The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Accounts receivable. Accounts receivable is recorded at the amount the Company expects to collect on balances owed at year-end. Allowance for doubtful accounts is computed based on an analysis of collectibility of accounts receivable at the balance sheet date and management writes off, as of year-end, all balances deemed uncollectible. At December 31, 2021, no allowance has been provided for potentially uncollectible accounts receivable and, in the opinion of management, all receivables are considered fully collectible.

Revenue recognition. Revenue from initial sales of individual franchises is earned over time and is recognized as revenue on a straight-line basis over the term of each respective franchise store agreement, which is typically five years. During the period from March 10, 2021 to December 31, 2021, three franchise agreements were signed. The franchises had not begun operations and no separate performance obligations (training) were completed by year-end, so the full receipts were not recognized as revenue during the period and are included as deferred revenue. The balance in deferred revenue at December 31, 2021 was $50,000.

Initial franchise fees are generally $40,000 for an initial five-year franchise agreement. Lower franchise fees are offered for franchises that will be opening multiple locations. The initial franchise fee covers the use of the BodyROK system, marks, and name for the five year period and covers initial required training. The use of the system, marks, and name are considered earned over the time of the agreement (earned over time). The initial training is considered a separate performance obligation and is earned at a point in time when the training is completed.

Royalty revenues are based on a percentage of the gross receipts of each individual franchisee (5%, subject to a minimum amount) and are recognized over time as the franchisees earn the revenue from their customers. Franchisees also pay a marketing and promotional fee (0.65%) recognized in the same way. Payments are calculated on a monthly basis and are due within three business days of the calendar month in which the franchisee received its gross revenues. The Company is responsible for spending the marketing fee (less a 15% administrative fee) on marketing or promotion.

The Company applies a portfolio approach in its review of contracts or performance obligations that have similar characteristics.

Advertising Expenses. Advertising is expensed as incurred. Advertising costs for the period ended December 31, 2021 were $8,610.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Income taxes. The Company is a limited partnership and the partners are liable for individual income taxes on the Company's taxable income. Accordingly, no provision for income tax is reflected in the financial statements.

NOTE 2 – RELATED PARTY TRANSACTIONS

A company that is partially owned by a limited partner provided additional support to the Company in this start-up year (including management services and insurance support) and did not charge the Company for the expenses. Management was not able to estimate the value of this support for the period ended December 31, 2021. Starting in 2022, the Company will pay the related entity a management fee to cover this support.

Included in the accounts payable balance at December 31, 2021 is a balance due to a related company with identical ownership of $908, which represents a Company accounting expense that was paid for during the year by the related company.

NOTE 3 – CONCENTRATIONS

During the period ended December 31, 2021, all revenues were earned and all receivables were due from the six existing franchisees.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with a single financial institution, and at times can exceed FDIC insurance limits.

NOTE 4 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 2, 2022, the date on which the financial statements were available to be issued.

BodyRok Franchise USA, LP
Balance Sheet
March 31, 2021

BodyRok Franchise USA, LP
Balance Sheet
March 31, 2021

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ULLMANN & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
4647 N. 32nd Street, Suite 220 ▪ Phoenix, AZ 85018
Phone (602) 224-0166 ▪ Fax (602) 224-6062 ▪ www.ullmanncpa.com

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Partners
BodyRok Franchise USA, LP
Clayton, MO

We have reviewed the accompanying balance sheet of BodyRok Franchise USA, LP (a Missouri limited partnership) as of March 31, 2021, and the related notes to the balance sheet. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the balance sheet as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Balance Sheet
Management is responsible for the preparation and fair presentation of the balance sheet in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a balance sheet that is free from material misstatement whether due to fraud or error.

Accountants' Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the balance sheet for it to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying balance sheet in order for it to be in accordance with accounting principles generally accepted in the United States of America.

Ullmann & Company

Ullmann & Company, P.C.
Certified Public Accountants

May 24, 2021

BodyRok Franchise USA, LP
Balance Sheet
March 31, 2021

Assets

Current Assets	
Cash and Cash Equivalents	$ 10,000
Total Current Assets	10,000
Total Assets	$ 10,000

Liabilities and Partners' Equity

Partners' Equity	$ 10,000
Total Liabilities and Partners' Equity	$ 10,000

See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP
Notes to the Balance Sheet
March 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business
BodyRok Franchise USA, LP (the Company) was established as a Missouri limited partnership on March 10, 2021 to offer and sell franchising services in a future period. As of March 31, 2021, there were no franchise sales and no operational expenses.

Basis of accounting
The Company prepared its balance sheet in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below.

Use of estimates
Management uses estimates and assumptions in preparing the balance sheet in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could vary from these estimates and assumptions.

Cash and cash equivalents
The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income taxes
The Company is organized as a Missouri limited partnership and is treated as a partnership for federal and state income tax purposes. Accordingly, the partners of the Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in these financial statements.

NOTE 2 – PARTNERS’ EQUITY

During the period from March 10, 2021 (date of inception) to March 31, 2021, the only activity affecting the partners’ equity accounts was the capital contributions from the partners, which totaled $10,000.

NOTE 3 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 24, 2021, the date on which the balance sheet was available to be issued.

BodyRok Franchise USA, LP
Balance Sheet
March 31, 2021

BodyRok Franchise USA, LP
Balance Sheet
March 31, 2021

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

Accountants' Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the balance sheet for it to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying balance sheet in order for it to be in accordance with accounting principles generally accepted in the United States of America.

Ullmann & Company

Ullmann & Company, P.C.
Certified Public Accountants

May 24, 2021

BodyRok Franchise USA, LP
Balance Sheet
March 31, 2021

Assets

Current Assets		
Cash and Cash Equivalents	$	10,000
Total Current Assets		10,000
Total Assets	$	10,000

Liabilities and Partners' Equity

Partners' Equity	$	10,000
Total Liabilities and Partners' Equity	$	10,000

See independent accountants' review report.
The accompanying notes are an integral part of these financial statements.

BodyRok Franchise USA, LP
Notes to the Balance Sheet
March 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business
BodyRok Franchise USA, LP (the Company) was established as a Missouri limited partnership on March 10, 2021 to offer and sell franchising services in a future period. As of March 31, 2021, there were no franchise sales and no operational expenses.

Basis of accounting
The Company prepared its balance sheet in conformity with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below.

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Management uses estimates and assumptions in preparing the balance sheet in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could vary from these estimates and assumptions.

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The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income taxes
The Company is organized as a Missouri limited partnership and is treated as a partnership for federal and state income tax purposes. Accordingly, the partners of the Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in these financial statements.

NOTE 2 – PARTNERS’ EQUITY

During the period from March 10, 2021 (date of inception) to March 31, 2021, the only activity affecting the partners’ equity accounts was the capital contributions from the partners, which totaled $10,000.

NOTE 3 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 24, 2021, the date on which the balance sheet was available to be issued.

EXHIBIT D

LIST OF FRANCHISE OUTLETS

The following franchised Outlets were open and operating as of December 31, 2023:

FRANCHISEE CONTACT NAME	ADDRESS	PHONE NO. OR EMAIL
Erika Kehr & Will Whalen	170f Alamo Plaza, Alamo, CA 94507	707-292-9684
Erika Kehr & Will Whalen	1601 University Ave, Berkeley, CA 94703	707-794-2765
Erika Kehr & Will Whalen	47 Tamal Vista Blvd, Suite E, Corte Madera, CA 94925	707-794-2765
Cara Kerhlikar	1006 White Rock Rd. Suite 120, El Dorado Hills, CA 95762	415-370-1536
Stephanie Erlbeck	121 N. El Camino Real, Ste. B, Encinitas, CA 92024	760-828-7918
Erika Kehr & Will Whalen	459 Miller Avenue, Mill Valley, CA 94941	707-292-9684
Erika Kehr & Will Whalen	3303 Lakeshore Avenue, Oakland, CA 94610	707-794-2765
Erika Kehr	5 Petaluma Blvd., Ste. E, Petaluma, CA 94952	707-794-2765
Carleigh Krass & Scott Krass	806b Avenida Pico, San Clemente, CA 92673	858-353-2264; 858-361-1908
Stephanie Erlbeck	3725 Paseo Place, Ste. 1080, San Diego, CA 92130	858-775-5312
Stephanie Erlbeck	3252 Fifth Ave, San Diego, CA 92103	858-775-5312
Kiara Daswani	761 Chapala Street, Santa Barbara, CA 93101	949-293-4616
Erika Kehr & Will Whalen	124A Calistoga Rd, Santa Rosa, CA 95409	707-794-2765
Erin Greco & Alicia Whitis	615 Channelside Drive, Suite 108 Tampa, FL 33602	813-240-7039; 731-444-5413
Megan Irion	1335 Golden Valley Cir., Ste. 3, Billings, MT 59102	406-534-4489
Ashlye Fleming	782 Old Hickory Blvd., #205, Brentwood, TN 37027	615-802-0166
Ashlye Fleming	809 12th Avenue S., Nashville, TN 37203	615-802-0166

Ashlye Fleming	2210 Crestmoor Road, #12 Nashville, TN 37215	615-802-0166

The following franchisees had signed Franchise Agreements but were not open and operating as of December 31, 2023:

FRANCHISEE CONTACT NAME	**ADDRESS**	**PHONE NO. OR EMAIL**
Bailey Wolanek	Birmingham, AL	334-707-3336
Stephanie Roush	Scottsdale, AZ	480-229-5681
Sandra Cabral	Campbell, CA	669-265-5842
Stephany Erlbeck	La Jolla, CA	858-775-9779
Carleigh Krass, Scott Krass	Mission Viejo, CA	858-353-2264
Erin Porter	Napa Valley, CA	415-672-8325
Erika Kehr	San Mateo, CA	707-292-9684
Ciria Mariscal	Santa Monica, CA	858-442-4506
Anuj & Neha Arora	Torrance, CA	949-274-0570
Alicia Whitis, Erin Greco	St. Petersburg, FL	731-444-5413
Meredith Lobb	Atlanta, GA	574-485-7965
Anne Brandenburg (Dorff)	Roswell, GA	267-309-8642
Kimberly Patten	Princeton, NJ	214-498-4168
Sinead McManus	Charlotte, NC	704-877-5961
Sinead McManus	Charlotte, NC	704-877-5961
Morgan Sullivan	Charleston, SC	661-877-0096

Staci Buford	Murfreesboro, TN	615-686-1955
Ashlye Fleming	Nashville, TN	415-694-1447

The following company owned outlets were open and operating as of December 31, 2023:

ADDRESS
1529 Haight Street, San Francisco, CA 94117
2128 Lombard Street, San Francisco, CA 94123
300 Pine Street, San Francisco, CA 94104
1850 Polk Street, San Francisco, CA 94109
3585 20th Street, San Francisco, CA 94110
714 N. Clark Street, Chicago, IL 60610
113 E. 12th Street, New York, NY 10003
10 W. 18th Street, New York, NY 10011
598 Broadway, New York, NY 10012
110 West 27th Street, New York, NY 10001
410 West 14th Street, 3rd Floor, New York, NY 10014
227 Lexington Avenue, New York, NY 10016

EXHIBIT E

LIST OF FORMER FRANCHISEES

The following former franchisees had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during fiscal year 2022, or has not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

NONE.

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

EXHIBIT F

STATE FRANCHISE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services 2005 Apalachee Parkway Tallahassee, FL 32399 850-435-7352	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit Williams Building, 1st Floor 525 W. Ottawa Street Lansing, MI 48909 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 651-539-1631	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8285	Secretary of State 99 Washington Avenue Albany, New York 12231
NORTH CAROLINA	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same address
SOUTH CAROLINA	Secretary of State 1205 Pendleton St., Ste. 525 Columbia, SC 29201 803-734-1728	Same
SOUTH DAKOTA	Department of Labor and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Registrations Unit P.O. Box 13550 Austin, TX 78711-3550 512-475-0775	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX:801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9th Floor 1300 E. Main Street	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 804-371-9733

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
	Richmond, VA 23219 804-371-9051	
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT G

SAMPLE GENERAL RELEASE

General Release Agreement

THIS AGREEMENT ("Agreement") is made and entered into this ____ day of ______________, 20__ by and between BODYROK Franchise USA, LP, a Missouri limited partnership having its principal place of business located at 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105 (the "Franchisor"), and ____________________________ residing at ________________________________ ("Releasor"), and the parties, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are listed below, do agree as follows:

1. **Release by Releasor**:

Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with the Agreement, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys' fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Missouri law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys' fees and costs, and said action must be filed in the State of Missouri.

6. This Agreement may be signed in counterparts, each of which shall be binding against the party executing it and considered as the original.

IN WITNESS WHEREOF, the parties, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

Witness:	RELEASOR:
______________________	____________________________

Witness:	BODYROK Franchise USA, LP
______________________	By:__________________________
	Name:________________________
	Title:_________________________

EXHIBIT H

STATE SPECIFIC ADDENDA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of California:

1. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

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. The following statement is added to Item 3:

Neither BODYROK Franchise USA, LP, nor any person in Item 2 of the Disclosure Document is subject to any currently effective order or any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq., suspending or expelling such persons from membership in such association or exchange.

3. The highest interest rate allowed by law in California for late payments is 10% annually.

4. The following statements are added to Item 17:

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

II. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

III. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

IV. The franchise agreement requires application of the laws of Missouri. This provision may not be enforceable under California law.

V. The Franchise Agreement requires binding arbitration. The arbitration will occur in Saint Louis, Missouri with the cost being borne by the parties as determined by the arbitrator. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

VI. California Corporations Code, Section 31125 requires us to give you a Disclosure Document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

VII. The Franchise Agreement requires 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 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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

6. 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 representation it makes to you, or (iii) any violations of the law.

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

Website:

www.bodyrok.com

OUR WEBSITES HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Illinois:

1. Any releases that the franchisor requests that you sign must conform with the Illinois Franchise Disclosure Act.

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

3. Franchisee's rights upon termination and non-renewal are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

4. Section 4 of the Illinois Franchise Disclosure Act states that 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.

5. Illinois law governs the agreements between the parties to this franchise.

6. Item 5 of the FDD is amended to provide the following:

Your Initial Franchise Fee and Development Fee shall be deferred until we have satisfied our pre-opening obligations to you and you have commenced business operations. The Development Fee shall be deferred until the first franchise is open. Illinois Attorney General's Office imposed this deferral requirement due to our financial condition.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Maryland, to residents of Maryland and franchises to be operated in Maryland:

1. Item 17 is amended by adding the following language after the table:

(a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.).

(b) The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

(c) Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

(d) You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Minnesota:

1. Item 6, Other Fees, "Charge for returned ACH or nonpayment due to "Insufficient Funds" or otherwise," shall be amended to change the fee amount to $30.00.

2. Item 13, Trademarks, shall be amended by the addition of the following:

In compliance with Minn. Stat. § 80C.14, Subd. 1(g), the franchisor will indemnify you against liability to third parties resulting from claims by third parties that your use of the Proprietary Marks infringes upon the trademark rights of the third party. The franchisor will not indemnify you against the consequences of your use of the Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and as the condition to such indemnification, you must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor will have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

3. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by adding the following:

Minnesota Franchise Act, Minn. Stat. § 80C.21, and Minn. Rule 2860.4400(J) prohibit the franchisor from requiring arbitration or litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Disclosure Document or the Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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. Rule 2860.4400(D) prohibits the franchisor from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

Minn. Rule 2860.4400(D), among other things, prohibits the franchisor from requiring you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following provisions will supersede and apply to all franchises offered and sold under the laws of the State of 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 A OR YOUR PUBLIC LIBRARY FOR SERVICES 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 THAT 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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Item 3. Litigation

Except as provided above, with regard 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 any administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in 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 ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

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 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 the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

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

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**": You may terminate the agreement on any grounds available by law.

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

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

6. 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.

7. 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 earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Virginia:

1. The following statements are added to Item 17.h.:

   Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute "reasonable cause", as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document or Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold under the laws of the State of Washington:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will either be 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.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Washington Franchise Investment Act, such as the right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. 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.

8. Franchisees who receive financial incentives to refer franchise prospects to the franchisor may be required to register as franchise brokers under the laws of Washington State.

STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

California

Illinois

Indiana

Maryland

Michigan

Minnesota

New York

Virginia

Washington

Wisconsin

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.

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

[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If BODYROK Franchise USA, LP does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit G.

The name, principal business address and telephone number of each franchise seller offering the franchise: Jake Irion, Philip Palumbo and Martin Hancock, BODYROK Franchise USA, LP, 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105; Telephone 858-212-9101, and: ________________________ [*Any other franchise seller involved in a particular franchise transaction must be disclosed here before the Disclosure Document is given to the prospective franchisee.]*

Issuance date: July 18, 2024.

BODYROK Franchise USA, LP authorizes the respective state agencies identified on Exhibit G to receive service of process for it in the particular state.

I received a disclosure document dated July 18, 2024 that included the following Exhibits:

A. Franchise Agreement and Exhibits
B. Area Development Agreement and Exhibits
C. Financial Statements
D. List of Franchise Outlets
E. List of Former Franchisees
F. State Franchise Administrators and Agents for Service of Process
G. Sample General Release
H. State Specific Addenda

Date: ___________________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

Please date and sign this page, and then keep it for your records.

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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

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G. Sample General Release
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Date: ___________________________
(Do not leave blank)

____
Signature of Prospective Franchisee

____
Print Name

Please return this signed receipt page by signing, dating, and either mailing it to BODYROK Franchise USA, LP, Attn: Jake Irion, 138 North Meramec Avenue, Suite 108, Saint Louis, Missouri 63105, or e-mailing it to jake@bodyrok.com.