FRANCHISE DISCLOSURE DOCUMENT

Ultimate Fitness Group, LLC
a Delaware limited liability company
1815 Cordova Road, Suite 206
Fort Lauderdale, Florida 33316
(954) 530-6903
info@orangetheoryfitness.com
www.orangetheoryfitness.com

The franchise offered is to operate an ORANGE THEORY® Facility under the name "ORANGE THEORY®. ORANGE THEORY® Facilities are health and fitness centers that offer members access to exercise equipment, inlcuding cardio and strength equipment in a simple, contemporary atmosphere characterized by our signature, energizing orange color scheme and trade dress.

The total investment necessary to begin operation of an ORANGE THEORY® Facility is $179,075 to $392,475. This includes $29,500 initial franchise fee that must be paid to the franchisor or an affiliate. If this is your second or a subsequent franchise for an ORANGE THEORY® Facility, we reduce the initial franchise fee to $22,500.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in a different format contact Randy Sue Valove, Director of Franchise Development, at 1815 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316 and (954) 306-6225.

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

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

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

The issuance date of this disclosure document is: April 29, 2012.

STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the franchisor or about franchising in you state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR LITIGATION ONLY IN FLORIDA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN FLORIDA THAN IN YOUR OWN STATE.

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

3. AS PER THE AUDITED BALANCE SHEET DATED 12/31/2011, ULTIMATE FITNESS GROUP LLC HAD A WORKING CAPITAL DEFICIENCY OF $287,846.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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

(See Exhibit G for state specific addenda and riders)
(See Exhibit A for state agencies and agents for service of process)

STATE EFFECTIVE DATES

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

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

STATE	**EFFECTIVE DATE**
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attn: Franchise
670 Law Building
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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Applicable state law might require additional disclosures related to the information in this disclosure document. These additional disclosures, if any, appear in Exhibit G.

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

Franchisor

The Franchisor is Ultimate Fitness Group, LLC, referred to as "**we**," "**us**" or "**our**." "**You**" means the person who buys the franchise. If you are a corporation, partnership or other entity, certain provisions of the Franchise Agreement will apply to your owners. This disclosure document will indicate when your owners are also covered by a particular provision. (See ITEM 15)

We are a Delaware limited liability company formed on August 4, 2009. We do business under our company name and under the trade and service marks ORANGE THEORY® and OT FIT®. Our principal business address is 1815 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316. Our agents for service of process and state administrators, if applicable, are listed in Exhibit A to this disclosure document.

We began to offer franchises in July of 2010. We are not engaged in any other businesses and have never offered franchises in any other lines of business, except our Area Representative Program (described below). We do not operate any of the Facilities, but our affiliates currently own and operate 1 non-franchised ORANGE THEORY® Facility located in Fort Lauderdale, Florida. (See ITEM 20)

We have no parents or predecessors required to be disclosed in this ITEM 1. We do not have any affiliates that offer franchises in any line of business, or provide products or services to our franchisees.

The Franchise

We offer franchises to qualified individuals and entities to develop and operate health and fitness centers under a comprehensive system we and our affiliates have developed. ORANGE THEORY ®Facilities operate as a contemporary health and fitness facility identified by an orange color scheme and trade dress, offering members access to exercise equipment, including cardio and strength equipment and other related services and ancillary merchandise related to the ORANGE THEORY® concept. We market our services to customers of all ages and economic levels, but target adults between the ages of 18 and 65. Our current form of Franchise Agreement is attached as Exhibit B to this disclosure document.

A typical ORANGE THEORY® Facility occupies approximately 2,500 to 3,000 square feet of space that may be either owned or leased from a third party. All Facilities are constructed to our specifications as to size, layout, décor and the like. ORANGE THEORY® Facilities are typically located in a metropolitan area or surrounding suburbs, and proximity to high traffic areas is desirable. A Facility may be located either in a freestanding building or in an in-line retail plaza space, but, in any event, ample parking, good visibility and availability of prominent signage are a necessity. Preferred locations for Facilities are strip shopping centers with a mixture of residences and commercial facilities (offices and businesses) nearby.

ORANGE THEORY® Facilities operate under the service marks and trade names ORANGE THEORY® and OT FIT® and under distinctive business formats, including prescribed exterior and interior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; and advertising and promotional programs, all of which we may improve, further develop or otherwise modify from time to time (the "**System**"). We use, promote and license in the operation of an ORANGE THEORY® Facility certain

trademarks, service marks and other commercial symbols, including the trade and service marks ORANGE THEORY®, OT FIT® and associated logos, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the operation of ORANGE THEORY® Facilities (collectively, the "**Marks**").

You will operate an ORANGE THEORY® Facility as an independent business unit utilizing the Marks, business concepts, support, guidance and materials developed by us. You will offer and provide products and services to the general public under the terms and conditions contained in the Franchise Agreement and our confidential operations manuals (the "**Manuals**") that will be loaned to you at the time of training. You must offer for sale all services, products, and merchandise we designate, unless you obtain our approval not to offer certain services, products or merchandise. You may not offer other services, merchandise or products without our prior written approval.

Our Area Representative Program

In a separate Disclosure Document, we grant to persons who own or will own an ORANGE THEORY® Facility franchise and meet our qualifications and who are willing to undertake the investment and effort, the right to operate an area representative business ("**Area Representative Business**"). Area Representative Businesses solicit and screen prospective franchisees for the right to own and operate ORANGE THEORY® Facility franchises (the "**Franchises**") under Franchise Agreements which are between us and the franchisee (the Area Representative is not a party). Area Representative Businesses assist us in rendering certain services to franchisees, including making the Area Representative Business' franchised Facility available for training franchisees and their employees; overseeing the development and construction process for franchise facilities; conducting regular visits to determine the franchisee's compliance with our operation and system standards; and conducting regular consultation meetings with franchisees. The Area Representative Business also renders certain services directly to us, including delivery of annual business plans; regular reports on business activities; collection of moneys due us by franchisees; and other activities that we may deem necessary from time to time. We have offered area representative rights since August 12, 2010. See Exhibit J for information regarding our Area Representatives.

Market

Your Facility will compete with other health clubs and businesses that offer similar products and services, including other national chains. The market is developed but is expanding to satisfy the needs of health and fitness enthusiasts. Depending upon your Facility's location and demographics, certain high/low seasons exist. You will offer your products and services to the general public throughout the year. The market for your Facility may differ significantly from the market conditions we experience in the markets where we operate. Therefore, you should consider this and other factors in evaluating whether to invest in our franchise system.

Industry Regulations

Certain states and local governments have laws relating specifically to health clubs, including laws requiring postings concerning steroids and other drug use, requiring certain medical equipment in the club, limiting the supplements that health clubs can sell, requiring bonds if a health club sells 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 (so-called "presale" memberships), and

imposing other restrictions on memberships that health clubs sell. Other than these laws, there are no regulations specific to the operation of an ORANGE THEORY® Facility, but you must comply with all applicable local, state and federal laws that apply generally to all businesses. You should investigate these laws.

Item 2

BUSINESS EXPERIENCE

Director, Chief Executive Officer and Chief Operating Officer: David Long

Mr. Long is one of our co-founders. He has been a Director and our Chief Executive Officer and Chief Operating Officer since our inception in August 2009. From September 2009 to present, he has been Executive Vice President of Strategic Growth for Unified Asset Group, LLC, d/b/a Ascente Group, in Fort Lauderdale, Florida. For the past 3 years, he has also been a Master Regional Developer for European Wax Centers for South Florida, North Florida and San Diego, California, however, he ceased his obligations as a Master Regional Developer for the South Florida Territory of European Wax Centers at the end of 2011. From February 2005 to September 2008, he was Vice President of Operations for Massage Envy Limited, LLC in Scottsdale, Arizona. Since January 2007, he has been a Manager and Member of ME New York Regional Developers, LLC, a Regional Developer for Massage Envy in New York. Since November 1, 2010, he has been a Manager and Member of OTF South Florida Regional, LLC, one of our Area Representatives, located in Fort Lauderdale, Florida.

Director, President and Vice President of Sales: Jerome Kern

Mr. Kern is one of our co-founders. He has been a Director and our President and the Vice President of Sales since our inception in August 2009. From May 2005 to present, he has been a Managing Member of MJ Ventures, LLC, in Fort Lauderdale, Florida, serving as Regional Developer for Massage Envy in South Florida. From January 2007 to present, he has been a Manager and Member of ME New York Regional Developers, LLC, a Regional Developer for Massage Envy in New York. From September 2008 to present, he has been Executive Vice President of Sales for Unified Asset Group, LLC, d/b/a Ascente Group, in Fort Lauderdale, Florida. Since November 1, 2010, he has been a Manager and Member of OTF South Florida Regional, LLC, one of our Area Representatives, located in Fort Lauderdale, Florida.

Director, Vice President of Fitness: Ellen Latham

Ms. Latham is one of our co-founders. She has been a Director and our Vice President of Fitness since our inception in August 2009. From April 2008 to present, she has been the owner of Ellen's Ultimate Work Out, a health and fitness center in Davie, Florida. From January 2002 to April 2008, she was the owner of Ellen's Studio Fit in Plantation, Florida. Since November 1, 2010, she has been a Manager and Member of OTF South Florida Regional, LLC, one of our Area Representatives, located in Fort Lauderdale, Florida.

Director and Chief Financial Officer: David Hardy

Mr. Hardy has been a Director and our Chief Financial Officer since April 29, 2012. He has been an owner and director of OTF Canada, Inc., our Master Franchisee for Canada, since November 2011. From 1996 to present, he has been the President of Franvest Capital Partners in Edmonton, Alberta. From 2010 to present, he has been a partner, investor and director of XS Flooring Ltd. in Edmonton, Alberta.

From 2008 to current, he has been a partner, director and consultant for International Fitness Holdings (IFH) in Alberta. From 1999 to 2008, he was the President of Club Fit Corp. in Edmonton, Alberta.

Controller: April Kern

Ms. Kern has been our Controller since our inception in August 2009. From October 2005 to present, she has been the Controller for MJ Ventures, LLC, a Regional Developer for Massage Envy, in Fort Lauderdale, Florida.

Director of Operations: Kellie Long

Ms. Long has been our Director of Operations since March 2010. From October 2007 to March 2010, she was Project Coordinator for Massage Envy, LLC in Scottsdale, Arizona. From October 2006 to September 2007, she was a Manager for Victoria's Secret in Bloomfield, Colorado. Prior to that, she served as a Concierge for JW Marriott in Boulder, Colorado from August 2005 to August 2007.

Director of Franchise Development: Randy Sue Valove

Ms. Valove has been our Director of Franchise Development and Senior Corporate Paralegal since January 2012. From April 2011 through December 2011, Ms. Valove was our Franchise Development Manager and Senior Corporate Paralegal. From March 2010 to March 2011, she was Contracts Administrator for Sentry Data Systems, Inc. located in Deerfield Beach, Florida. During late 2008 through early 2010, Ms. Valove held short term positions as a Corporate Paralegal for Bacardi Inc. in Miami, Florida, Legal Solutions in Aventura, Florida and CS Bensch in Fort Lauderdale, Florida. From November 2005 through September 2008, Ms. Valove served in the capacities of Director of Franchise Administration and Manager of Franchise Administration for Smart for Life Weight Management® Centers in Boca Raton, Florida.

Director of Sales, Training and Pre-Sales: Paul Reuter

Mr. Reuter has been our Director of Sales, Training and Pre-Sales since July 2011. From August 2009 to July 2011, he was a General Manager for Gold's Gym International in Austin, Texas. From March 2008 to July 2009, he was Vice President of Sales and Business Development for Spa One in Tucson, Arizona. From July 2005 to August 2007, he was an owner of a Massage Envy franchised business in Austin, Texas.

National Fitness Director: Eric Channing Gannaway

Mr. Gannaway has been our National Fitness Director of Fitness since June 2011. From May 2009 to May 2011, he was Director of Personal Training for Equinox Clubs in Aventura, Florida. From April 2006 to May 2009, he was a Master Trainer for Midtown Athletic Clubs in Weston, Florida.

Corporate Fitness Trainer: John Driscoll

Mr. Driscoll has been our Regional Corporate Fitness Trainer since January 2012. From August 2011 to present, he has been a fitness trainer for Ellen's Ultimate Work Out in Davie, Florida. From November 2005 to September 2011, he was a Project Manager for Bostic Steel in Doral, Florida.

Training and Operations Manager: Elizabeth Medina

Ms. Medina has been our Training and Operations Manager since August 2010. From December 2006 to August 2010, Ms. Medina was employed with Universal Arts Pharmacy in Hialeah, Florida as Pharmacy Manager. Prior to that, she was employed by Universal Pharmacy Arts as an Administrative Assistant from September 2006 to December 2006, as a Compounding Technician from March 2006 to September 2006, and as Lead Pharmacy Technician from August 2004 to March 2006.

See Exhibit J for information regarding our Area Representatives.

Item 3

LITIGATION

No litigation is required to be disclosed in this Item.

See Exhibit J for any required disclosure relating to Area Representatives.

Item 4

BANKRUPTCY

On September 1, 2005, our Director of Franchise Development, Randy Sue Valove, filed a personal petition to liquidate under Chapter 7 of the U.S. Bankruptcy Code. On July 9, 2007, the bankruptcy court discharged the proceeding. (U.S. Bankruptcy Court for the Southern District of Florida Case No.: 05-34529-SHI).

Other than this 1 action, no bankruptcy is required to be disclosed in this ITEM.

See Exhibit J for any required disclosure relating to Area Representatives.

Item 5

INITIAL FEES

Initial Franchise Fee

You must pay us an initial franchise fee equal to $29,500 for a single franchise (the "**Initial Franchise Fee**"), when you sign the Franchise Agreement. If this is your second or a subsequent franchise for an ORANGE THEORY® Facility, we reduce the Initial Franchise Fee to $22,500. The Initial Franchise Fee is not refundable, except that we will refund 50% of the Initial Franchise Fee if we terminate the Franchise Agreement (for your first franchise) based on your failure to satisfactorily complete the initial training program. You and your owners must sign a general release in order to receive a refund.

We charge the Initial Franchise Fee uniformly to all franchisees. We have no intention, now or in the future, of reducing the Initial Franchise Fee for any prospective franchisee, although we reserve the right to do so in our sole discretion, on a case-by-case basis, or if we run a franchise marketing promotion. However, we have agreed with our affiliates that they may acquire franchises to own and operate franchises for discounted Initial Franchise Fees.

The Initial Franchise Fees paid to us during the fiscal year ended December 31, 2011 ranged from $22,500 to $29,500.

Software License Fee

Before you commence operation of your Facility, you must license the MindBody™ web-based business management software from us or our designee. The current software license fee is $149 per month, which must be paid one month in advance. There is also a $575 initial setup fee.

Other Initial Fees

At your reasonable request, we may, in our sole discretion and subject to the availability of our personnel, furnish you with additional site selection and/or development guidance and assistance which is beyond the nature and scope of the services we are then providing to new ORANGE THEORY® franchisees as part of the Initial Franchise Fee. If, in our sole discretion, we elect to provide such additional services, you and we will agree upon and document the nature and scope of this additional assistance. We may charge you a reasonable fee for such additional services, including, but not limited to, *per diem* charges for travel and living expenses for our personnel.

Item 6

OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	6% of Gross Sales	Weekly	See definition of Gross Sales.[2] We will debit your bank account for the Royalty due.
Marketing Fund Contributions[3]	Maximum – 1% of Gross Sales (not currently charged)	Same as Royalty Fee.	If we implement the Marketing Fund, you must contribute an amount we designate, not to exceed 1% of Gross Sales. We will debit your bank account for the Marketing Fund Contributions due. (See ITEM 11)
Local Advertising[4]	Minimum required – lesser of $2,000 or 5% of Gross Sales	As incurred, with periodic reports to us upon request.	You must spend the lesser of $2,000 or 5% of Gross Sales per month on local advertising for your Facility. You may spend more at your discretion. (See ITEM 11)
Cooperative Advertising[5]	As determined by Cooperative.	As determined by Cooperative.	(See ITEM 11)
Pre-Sale/Grand Opening Marketing	$5,000	These expenditures commence on as as-incurred basis 30 days prior to the opening of your Facility and continue through the first 30 days of operation.	We prescribe (in the Manuals) the required public relations, marketing and advertising you must undertake in connection with the opening of the Facility. All advertising and marketing materials must be approved by us.

Type of Fee[1]	Amount	Due Date	Remarks
Successor Franchise Fees	25% of then-current initial franchise fee for new franchisees	Before renewal.	Payable when, and if, you renew your Franchise Agreement. There are other condition to renew. (See ITEM 17)
Transfer/Assignment Fee	25% of then-current initial franchise fee for new franchisees	Before consummation of the transfer or sale.	Payable when, and if, you transfer or sell your franchise. There are other conditions to transfer. (See ITEM 17)
Relocation Fee	Fee equal to our costs and expenses[6]	On demand.	You must reimburse us for our out-of-pocket costs and expenses promptly upon receipt of our invoice. These amounts are due and payable only if you relocate your Facility, subject to our approval.
Interest and Late Fees	Lesser of 18% per annum or the highest rate permitted by law, plus $30 per week or portion of a week that the payment or report is overdue	On demand.	Payable on all overdue amounts and reports. Interest begins from the date of non-payment or underpayment.
Audit Expenses	Fee equal to the cost of audit, including any charges of independent accountants, travel expenses and per diem personnel charges.	On demand.	If you understate any payment owed to us by more than 2%, you must reimburse us for our actual costs incurred in conducting the audit, including attorneys' fees, accountants' fees, travel expenses and compensation of our employees. These fees will not exceed our actual costs.
Additional Training	Reasonable fee, currently $1,000 per person per session.	On demand.	We provide initial training for up to 5 individuals at no charge. We may charge you a fee for additional persons who attend initial training. We may also charge you for ongoing training that we conduct and for training materials that we provide. You are responsible for travel and living expenses incurred during training. (See ITEM 11)
Refresher Training Fees	$250 per day per person trained.	On demand.	We periodically may require you (or your managing owner) and/or, at our option, the Facility's general manager to attend and complete to our satisfaction any supplemental or refresher training programs we choose to provide.

Type of Fee[1]	Amount	Due Date	Remarks
Conferences	Reasonable fee under the circumstances [6]	On demand.	If we require you to attend a conference or other meeting, you may have to pay a reasonable fee, which we expect will not be more than $250 per person. As of the date of this disclosure document, we do not charge a fee. You will be responsible for travel and living expenses for attendance at such conferences.
Site Selection Counseling and Assistance	To be negotiated (optional).	As agreed.	As part of the initial franchise fee, we provide you with site selection guidelines, counseling and assistance. If you request, and we agree, to provide you with assistance beyond the scope of what we then provide to new franchisees, you and we will agree on the nature and scope of such additional assistance, including fees and costs.
On-Site Evaluation Fees	Our costs and expenses in connection with the on-site evaluation.	On demand.	Payable only if we determine that on-site evaluations are or become excessive. In that case, we may require you to reimburse us for our costs and expenses in relation to each evaluation, including the cost of travel, meals and lodging for our personnel.
Insurance Premiums	Amount of unpaid premiums, plus an administrative fee.	On demand.	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. (See ITEM 8)
Product Purchases	See ITEM 8.	See ITEM 8.	You must buy products that (i) meet our standards and specifications and (ii) are purchased from suppliers designated or approved by us. We reserve the right to designate ourselves or affiliates as the exclusive supplier for certain products. If we do so, then you must purchase them from us. (See ITEM 8)
Software License Fee	$149 to $169 per month (currently $149 per month), plus a $575 setup fee.	As invoiced.	We are a reseller of the MindBody™ web-based business management software you must use in the operation of your Facility. This fee is paid one month in advance. (See ITEM 8)

Type of Fee[1]	Amount	Due Date	Remarks
Product/Supplier Approval Costs	Reasonable cost of inspection or testing plus actual cost of laboratory fees, professional fees and travel and living expenses of our personnel.[6]	When billed.	We may require you to pay us or an independent laboratory for the cost of inspection or testing if you desire to purchase or lease items to be used in the Facility from sources we have not previously approved. (See ITEM 8)
Management Fee	5% of Gross Sales plus our reasonable costs and expenses.	On demand.	If you are in default of the Franchise Agreement or fail to maintain the Facility in accordance with our standards, we may send in our personnel to manage the Facility until the default is cured or you are able to meet our standards.
Indemnification	Will vary under circumstances.	On demand.	You must indemnify us when certain of your actions result in loss to us under the Agreements.
Costs and Attorney's Fees	Will vary under circumstances.	On demand.	You will reimburse us for all costs in enforcing obligations if we prevail.
Operations Manual Replacement Charge	$250	Upon request by you.	

NOTES

(1) All fees and expenses described in this ITEM 6 are non-refundable. Except as otherwise indicated in the chart above, we impose all of the fees and expenses listed, and they are payable to us. We may require you to pay any or all periodic or recurring fees to us by electronic funds transfer.

(2) "**Gross Sales**" means the total gross revenue from the provision of all products and services sold or performed in, at, from or away from the Facility, or through or by means of the Facility's business, whether from cash, check, credit card, debit card, barter or exchange, or other credit transactions, and irrespective of collection, and including (a) membership fees, initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees, corporate/third party payor fees, monthly dues and any fees or revenue generated and derived during any presales; (b) fees and charges for optional services; (c) fees charged to non-members using the Facility's services; (d) revenue derived from merchandise and product sales and other Core Business Operations and any Ancillary Business Operations that you or your affiliates perform; and (e) payments (for example, rent and license fees) that contractors make to you relating directly or indirectly to their performance of Ancillary Business Operations. The following amounts are deducted from "Gross Sales": (i) sales taxes, use taxes, and other similar taxes added to the sales price and collected from the customer and paid to the appropriate taxing authority; and (ii) any bona fide refunds and credits that are actually provided to customers. Gross Sales does not include rent, license fees and other fees that you receive in return for authorizing an unrelated third party contractor to operate an unrelated business (which is not part of the Core Business Operations or the Ancillary Business Operations) from part of the property on which the Facility is located (but not from the Facility itself), as long as the unrelated business has a separate street address and entrance that its customers must use without using any part of the Facility.

(3) Advertising programs are described in greater detail in ITEM 11. If we establish a Marketing Fund, you must contribute to the Marketing Fund an amount we designate, not exceed 1% of Gross Sales of the Facility. We have the right to allocate certain of our administrative expenses for marketing activities related to the Marketing Fund. (See ITEM 11)

(4) These amounts are in addition to, and will not be credited against, your other advertising requirements. (See ITEM 11)

(5) Cooperatives will be comprised of all franchised and company-owned ORANGE THEORY® Facilities located in the designated geographic areas. No Cooperatives have been established as of the date of this disclosure document. (See ITEM 11)

(6) We did not begin offering franchises until July 1, 2010. For this reason, we do not currently charge, or have not yet established, the amount of (or estimates for), certain fees that we have the right to impose under the Franchise Agreement.

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 Fee (1)	$22,500 to $29,500	Lump Sum	On signing Franchise Agreement	Us
Travel and Living Expenses During Training (for all attendees) (2)	$1,200 to $3,600	Lump Sum	As incurred	Outside suppliers
3 Months' Rent (3)	$12,000 to $24,000	Installments	As agreed in lease or sublease	Landlord
Deposit for Leasehold	$4,000 to $8,000	Lump sum	On signing lease or sublease	Landlord
Leasehold Improvements and Construction Costs(4)	$30,000 to $160,000	As Agreed	As incurred	Outside contractors and suppliers
Selectorized Equipment and Free Weights(5)	$25,000 to $40,000	As Agreed	As incurred	Outside suppliers
Cardiovascular Equipment(5)	$45,000 to $50,000	As agreed	As incurred	Outside suppliers
Signage	$5,000 to $7,000	As Agreed	As incurred	Outside suppliers
Initial Inventory, Audio System, Other Equipment and Supplies (6)	$12,000 to $18,000	As Agreed	As incurred	Outside suppliers
Computer System (7)	$2,875 to $3,375	As agreed	As incurred	Outside suppliers
Advertising (8)	$5,000 to $10,000	As Agreed	As incurred before and after Facility opens	Us and outside suppliers

Type of expenditure	Amount	Method of Payment	When due	To whom payment is to be made
Business Licenses/ Miscellaneous Opening Costs [9]	$1,000 to $4,000	Lump Sum	As incurred	Outside suppliers
Insurance [10]	$3,500 to $5,000	Lump Sum	As incurred	Insurance Company
Additional Funds - 3 Months [11]	$10,000 to $30,000	As Agreed	As incurred after Facility opens	Outside suppliers
TOTAL ESTIMATED INITIAL INVESTMENT (excluding real estate purchase costs) [12][13]	**$179,075 to $392,475**			

CAUTION: THESE FIGURES ARE ESTIMATES ONLY. WE CANNOT GUARANTEE THAT YOU WILL NOT HAVE ADDITIONAL EXPENSES IN STARTING YOUR BUSINESS. THE ESTIMATED EXPENSES VARY DUE TO NUMEROUS FACTORS OUTSIDE OF OUR CONTROL. SEE NOTES FOR MORE INFORMATION.

NOTES

(1) The initial franchise fee is discussed in greater detail in ITEM 5 of this disclosure document. We will refund 50% of the initial franchise fee if we terminate the Franchise Agreement (for your first franchise) based on your failure to satisfactorily complete our initial training program. You and your owners must sign a general release in order to receive a refund. Otherwise, the initial franchise fee is not refundable under any circumstances.

(2) We provide initial training at no charge for up to 3 individuals, but you must arrange and pay for all travel and living expenses for the people who attend the initial training program. Costs vary depending on the distance traveled and the type of lodging. The amount down does not include the cost of transportation. See ITEM 11 of this disclosure document for a description of the franchisee initial training program.

(3) If you do not already own suitable commercial space, the premises must be purchased or leased. We anticipate that most Franchisees will lease the premises. We require a commercial space of 2,500 to 3,000 square feet of interior space. The cost of leasing or purchasing space will vary, depending on location and other factors, and cannot be accurately projected by us; as a result, the costs shown above may be low or high. The initial investment assumes you will rent. If you purchase the premises, your initial investment will increase dramatically.

(4) You will need to adapt our prototype designs and plans for the building in which you will locate your Facility in accordance with state and local building codes. Construction costs vary depending upon numerous factors, including the size and configuration of the premises and the cost of materials and labor for construction. The cost shown does not include the cost to purchase the building or site for the Facility. The range shown includes costs for end-cap, free-standing and in-line Facilities. The cost of leasehold improvements depends on the condition and size of the site, the local cost of contract work, and the location of the Facility. The high estimated figures include remodeling walls, ceilings, floors, and other construction including electrical, plumbing, HVAC and carpentry work. The low estimate assumes that the leasehold is in suitable operating condition immediately on your taking possession of the premises or that you already operate a health club at the site that you are converting to an ORANGE

THEORY® Facility. Depending on the lease terms, your landlord might cover some of these costs. In our experience, the landlord will typically offer free rent for an initial period. This is not included in the estimate. This estimate also takes into account estimate for permitting.

(5) A maintenance contract is recommended, but is not included in this estimate.

(6) This includes an initial supply of printed materials, office supplies and equipment. This amount also includes approximately $1,000 to $2,000 for an initial inventory of branded merchandise, which includes apparel, gym bags, water bottled and related items. You should not assume that you can purchase inventory or other supplies on credit. (See ITEM 8)

(7) Presently we require you to install and maintain a Dell computer that is capable of running the MindBody™ web-based business management software that we require and that operates on a Windows XP or higher operating system. The computer must have a high speed modem that permits you to connect to the Internet and to transmit and receive e-mail. You must sublicense MindBody™ software from us. This software is used for both membership management and reporting purposes.

(8) You must conduct a grand opening program we approve, with a minimum cost of $5,000. (See ITEM 11)

(9) This estimate is subject to any state and local requirements for licenses and permits.

(10) Insurance must be obtained to meet the minimum requirements established by the System Standards. (See ITEM 8)

(11) These amounts are minimum recommended levels to cover operating expenses, including employee salaries, for three months. We cannot guarantee that this amount is sufficient. You may require additional working capital if your sales are low or if your fixed costs are high.

(12) The disclosure laws require us to include this estimate of all costs to operate your franchise during the "initial phase" of your business, which is defined as 3 months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period" for our industry, so our disclosures cover a 3-month period. The amounts shown are estimates only and may vary for many reasons. Your actual 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 prevailing wage trade; competition; and the sales level reached during the initial period. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise.

(13) The estimated initial investments shown are based primarily on the costs our affiliates have incurred in constructing and operating similar Facilities, encompassing approximately 2,500 to 3,000 square feet. Your Facility may be larger or smaller, and your actual costs will vary depending on the size and location of your Facility. The total actual cost to construct and operate each Facility owned by our affiliates has varied from the estimated costs shown above, and no particular Facility has experienced the low or the high estimate for every category shown above.

We do not offer any direct or indirect financing for your initial investment for an ORANGE THEORY® Facility (see ITEM 10). The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit, and policies of lending institutions concerning the type of business operated.

Unless otherwise stated, the costs and expenses described in the table are not refundable.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as described below, you are not obligated to purchase or lease from us or our affiliates, our designees or suppliers approved by us, or under our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or real estate relating to the operation of your Facility.

The Franchise Agreement restricts the sources of products and services you utilize in establishing and operating an ORANGE THEORY® Facility in three ways. Some items can be purchased only from us or our affiliates, some only from suppliers we have approved, and others only in accordance with our specifications and standards. We estimate that the percentage of your purchasing restricted in this way can be summarized as follows:

Nature of Restriction	% of Total Investment to Establish	% of Purchases to Operate
Required Purchases from Us or Our Affiliates	Less than 1%	Less than 1%
Required Purchased from Approved Suppliers (other than Us or Our Affiliates)	20% – 30%	10% – 20%
Required Purchases in Accordance with Our Specifications and Standards	50% – 60%	20% – 30%

Purchases from Us or Our Affiliates

You may be required to purchase certain products, equipment or services directly from us or our affiliates. Currently, we are the only approved supplier of MindBody™ web-based business management software. During the year ending December 31, 2011, we did not derive any revenue from franchisees' purchases of the MindBody™ software. As a reseller of the MindBody™ software, we will derive revenue from franchisees' purchases of the software on the basis of a 10% markup on our monthly maintenance cost of such software, plus a $575 setup fee, which is used to defray our administrative expenses for managing and sublicensing the MindBody™ software. (See Item 3)

Currently, we do not require you to purchase any logoed items from us. However, you may, in the future, be required to purchase our logoed items that include apparel, gym bags, water bottled and related items, etc., from us or our affiliate.

Except as described above, we do not intend to be, or to appoint any of our affiliates as, an authorized supplier of any products, supplies, equipment or other items used in the operation of the Facility. However, we reserve the right to designate ourselves and/or any of our affiliates as an approved supplier in the future, and we may even designate ourselves or an affiliate as the sole supplier of one or more items, in which case you would have to buy the item from us or our affiliate at our or their then-current price.

We estimate that the cost of goods and services purchased from us or our affiliates represents less than 1% of your total purchases to establish your Facility and less than 1% of your total purchases to operate your Facility.

Approved Suppliers

In addition to the above, we may require that you, at your expense, enter into agreements with suppliers approved by us. Currently, you are required to purchase fitness equipment, heart rate monitors, cardio GX equipment, shirts, manuals, key tags, sales book, MBO and musical licenses only from suppliers designated or approved by us. We may change approved suppliers from time to time.

We will provide you with a current list of approved suppliers through updates to the Manuals or other forms of communication. We may designate ourselves or our affiliates as approved suppliers for certain products and services. We estimate that the cost of goods and services purchased from approved suppliers (other than us or our affiliates) represents approximately 20% to 30% of your total purchases to establish your Facility and approximately 10% to 20% of your total purchases to operate your Facility.

If you desire to purchase, lease or use any products or other items from a supplier we have not approved, you must submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular items. If we have not responded within 30 days of our receipt of the information, then the application will be deemed rejected by us. We may consider in providing such approval not just the quality standards of the products or services, but their delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any products or services, or any supplier of such items, that does not meet our standards by giving you written notice. If we do so, you must immediately stop purchasing from such supplier or using such products or services in your Facility unless we notify you that such supplier or such products or services meet our quality standards. At our request, you must submit to us sufficient information about a proposed supplier and samples of the proposed product for our examination so that we can determine whether they meet our quality standards. We also must have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense. We may charge a fee for evaluating alternative suppliers not to exceed the reasonable cost of the inspection plus the actual cost of laboratory fees, professional fees and travel and living expenses as well as any other fees we pay to third parties in furtherance of the evaluation. If we revoke an approved supplier, we will provide notice to that supplier and notify you in our Manuals.

We may limit the number of approved suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our franchise system.

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

Standards and Specifications

You must operate the Facility according to our mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for the development and operation of ORANGE THEORY® Facilities ("**System Standards**"). System Standards may regulate, among other things, the types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies to be used in operating the Facility, required or authorized products and product categories and designated or approved suppliers of such items (which may be limited to or include us or our affiliates).

We do not make any express or implied warranties with respect to any products or goods we recommend for your use. Our standards and specifications may impose minimum requirements for quality, cost, delivery, performance, design and appearance, delivery capabilities, financing terms, and ability to service our franchise system as a whole. We will notify you in our Manuals or other communications of standards and specifications and/or names of approved suppliers.

We estimate that required purchases according to our specifications and standards represent approximately 50% to 60% of your total purchases in connection with the establishment of your Facility and approximately 20% to 30% of your total purchases in operating the Facility.

Rebates

We may negotiate with suppliers and manufacturers to receive rebates on certain items you must purchase. The rebate programs vary depending on the supplier and the nature of the product or service. Not every supplier pays rebates to us. We did not receive any revenue from franchisees' required purchases in the fiscal year ending December 31, 2011.

Except as described above, we do not currently, and have not previously, earned compensation or rebates on account of franchisee purchases from approved suppliers. But we may do so in the future to compensate us for the services we perform.

Site Selection and Development of the Facility

We must approve the site for your Facility and the site must meet our then-current site criteria. If you lease the site for your Facility, you are required to have the landlord sign the Lease Addendum attached as Exhibit E to this disclosure document. Under the Lease Addendum, we will be granted the right, but not the obligation, to take possession of your Facility premises if your franchise agreement is terminated.

It is your responsibility to prepare all required construction plans and specifications to suit the premises for the Facility and to make sure that these plans and specifications comply with applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. You are obligated, at your expense, to have an architect designated or approved by us prepare all required construction plans and specifications, based on our design drawings and specifications, to suit the shape and dimensions of the site for your Facility and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements, and with lease requirements and restrictions. You must, at your expense, use construction contractors designated or approved by us. You will not engage any architects or contractors that we have not approved. You must send us construction plans and specifications for review before you begin constructing the Facility and all revised or "as built" plans and specifications during construction. Because our review is limited to ensuring your compliance with our design requirements, we will not assess compliance with federal, state or local laws and regulations, or state and local environmental requirements and building codes. Compliance with these laws is your responsibility. We may inspect the site while you are developing the Facility.

You must adhere to our standards and specifications for the construction and design of the Facility, which will include requirements for the interior and exterior layout, signage, equipment, fixtures and trade dress, including our signature color scheme. You may purchase these items from any supplier that meets our standards and specifications, unless we designate an approved supplier for an item, in which case you must purchase the item from the approved supplier. We may, at any time, change, delete,

add to or modify any of our standards and specifications. These changes, deletions, additions or modifications, which will be uniform for all franchisees, may require additional expenditures by you.

Insurance

You must obtain and maintain, at your own expense, the insurance coverage we require, and you must meet the other insurance-related obligations in the Franchise Agreement. The insurance policy or policies must be written by a responsible carrier or carriers reasonably acceptable to us, name us (or our designated affiliate) as an additional insured, and include, at a minimum (except as additional coverage and higher policy limits may reasonably be specified by us from time to time), in accordance with our written standards and specifications, the following:

Property	$ 70,000 business personal property $ 110,000 tenant improvements $ 270,000 business income/extra expense
Professional Liability/General Liability	$1,000,000 each occurrence $3,000,000 annual aggregate $ 100,000 each occurrence for sexual misconduct $ 300,000 aggregate for sexual misconduct

The cost of your insurance coverage will vary depending on the insurance carrier's charges, the terms of payment, and your insurance history. You must also carry the insurance required by your landlord and applicable law. We may specify an insurance agency or insurer as the designated supplier for this service. You must name us as an additional insured.

Your obligation to obtain and maintain the policies that we require, in the amounts specified, will not be limited in any way by reason of any insurance maintained by us, nor will your performance of that obligation relieve you of your liability under the indemnity provisions in the Franchise Agreement. If you fail to procure or maintain the insurance that we require, we may (but are not obligated to) obtain the required insurance and charge the cost of the insurance to you, plus a reasonable administrative fee.

Computer Hardware and Software

You must use the computer software and hardware components and accessories (**"Computer System"**) that we require. We have the right to designate a single supplier for the Computer System. We have the right to appoint additional suppliers or different suppliers for the Computer System. We are a reseller of the MindBody™ software that you must use in the operation of your Facility. The markup on our cost of such software will represent our earnings as compensation for the sublicense we grant to you during the term of your Franchise Agreement. Other than the MindBody™ software, neither we nor our affiliates currently derive revenue from your purchase of the Computer System. We may require you to maintain service support contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the computer hardware and software, and credit card, debit card and other non-cash payment systems. We may designate the vendor(s) for these support service contracts and maintenance service contracts. (See ITEMS 7 and 11)

Miscellaneous

We and our affiliates have the right to receive payments or other benefits like rebates, discounts, and allowance from authorized suppliers based upon their dealings with you and other franchisees, and

we may use the monies we receive without restriction for any purpose we deem appropriate or necessary. Suppliers may pay us based upon the quantities of products our franchisees purchase from them. We may receive fees from a supplier as a condition of our approval of that supplier. We do not provide material benefits to franchisees (for example, renewal of existing or granting additional franchises) based on their use of designated or approved suppliers. We may negotiate supply arrangements with suppliers for the benefit of franchisees.

There are currently no purchasing or distribution cooperatives.

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.

Obligations	Section In Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3(a) and 3(b)	7, 8, 11 and 12
b. Pre-opening purchases/leases	Sections 3(c) and 3(g)	5, 7, 8, 10 and 11
c. Site development and other pre-opening requirements	Sections 3(c), (d), (e), (f) and (g); Section 4(a)	6, 7, 8, 10 and 11
d. Initial and ongoing training	Section 4	11
e. Opening	Section 3(e)	11
f. Fees	Sections 2(a), 4(a), 5, 7(a), 10(c), 11(b), and 16(c)	5, 6, 7, and 11
g. Compliance with standards and policies/Operating Manual	Sections 4(d) and 6	5, 8 and 11
h. Trademarks and proprietary information	Section 12	13 and 14
i. Restrictions on products/services offered	Sections 3(c), 3(d), 3(f), 3(g), and 6	8, 11, and 16
j. Warranty and customer service requirements	Sections 6(h) and 6(i)	11
k. Territorial development and sales quotas	Section 1(f)	12
l. On-going product/service purchases	Section 3(g), 6(f), 6(g), 6(h), 6(i) and 6(j)	8, 11, and 16
m. Maintenance, appearance and remodeling requirements	Section 2(a)(vi), 6(b)	11
n. Insurance	Section 18(d)	7 and 8
o. Advertising	Sections 3(f), 7 and 8	6, 7, 8, and 11

Obligations	Section In Agreement	Disclosure Document Item
p. Indemnification	Section 18(c)	6
q. Owner's participation/ management/ staffing	Sections 4(c), 6(c), 14 and 18	11 and 15
r. Records and reports	Section 9(c)	6 and 11
s. Inspections and audits	Sections 9(a) and 9(b)	6
t. Transfer	Section 10	17
u. Renewal	Section 2	17
v. Post-termination obligations	Section 17	17
w. Non-competition covenants	Sections 13, 14, 15 and 17(d)	17
x. Dispute resolution	Sections 19, 20 and 21	17
y. Proposed transfers and our right of first refusal	Section 10(e)	6 and 17

Item 10

FINANCING

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

Item 11

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

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

Pre-Opening Obligations

Before you open your Facility, we will:

1. Provide you with site selection guidelines, and review and accept or reject the proposed site for your Facility. The site must meet our criteria for the location of an ORANGE THEORY® Facility, including, but not limited to, demographic characteristics, traffic patterns, parking, character of neighborhood, and competition from and proximity to other businesses. Our criteria, and our evaluation of them, may vary periodically and from location to location. We will approve or disapprove a proposed site within 15 days after we receive all information that we require to assess the proposed site. Within 4 months of signing the Franchise Agreement, you must find an acceptable site and sign a lease for the location on terms acceptable to us, or we may terminate the Franchise Agreement. We will provide site selection counseling and assistance, and on-site evaluations, as we consider necessary and appropriate. (Franchise Agreement §3(a))

Although we have experience in selecting sites, we make no representations that your franchised ORANGE THEORY® Facility will be profitable or successful by being located at the Site. Any approval is intended only to indicate that the proposed site meets our minimum criteria based on our general business experience.

2. Review and approve your lease or sublease for the approved site for the ORANGE THEORY® Facility. (Franchise Agreement §3(b))

   Our review of your lease or purchase agreement and any advice or recommendations we may offer is not a representation or guarantee by us that you will succeed at the leased or purchased premises. Our review of your lease or purchase agreement does not constitute legal advice and our review is solely for the purpose of assuring that the lease or purchase agreement complies with the Franchise Agreement. For legal advice, you must rely upon the advice of your attorney.

3. Loan to you a set of sample architectural and design plans and mandatory and suggested specifications including requirements for dimensions, design, color scheme, image, interior layout, décor, fixtures, equipment, signs and furnishings, for an ORANGE THEORY® Facility. You must independently, at your expense, have the architectural and design plans and specifications adapted for construction of the Facility. (Franchise Agreement §3(c))

4. Loan you one copy of, or provide you with access to, our Manuals (in the medium we decide, which may be written or electronic). (Franchise Agreement §4(d))

5. If the Franchise Agreement relates to your first ORANGE THEORY® Facility, we will provide the initial training program described below. (Franchise Agreement §4(a))

6. Assist you in planning the grand opening marketing program for the Facility, which will include parameters that should be met before you obtain our approval to open your ORANGE THEORY® Facility. (Franchise Agreement §3(f))

7. Provide you with information regarding approved suppliers (Franchise Agreement §6(f))

<u>Continuing Obligations</u>

After you open the Facility, we will:

1. Provide you with information regarding approved suppliers and evaluate suppliers proposed by you. (Franchise Agreement §6(f))

2. If, during the term of the Franchise Agreement, we develop and license to you any computer software to be used in the operation of the Facility, then we will also make available to you, at a reasonable cost, any upgrades, enhancements or replacements to the software that are developed from time to time by or on behalf of us. (Franchise Agreement §6(j))

3. Make periodic visits to the Facility and evaluations of the products sold and services rendered to customers, as more fully described in the Franchise Agreement. (Franchise Agreement §9(a))

4. Advise you from time to time regarding the operation of the Facility based on reports you submit or inspections we make. (Franchise Agreement §9(a))

5. Provide any necessary refresher training courses and require you to attend. We may charge you our then-current fee for such training (see ITEM 6) and you must pay all expenses for you and your employees, including training materials, travel and living expenses. (Franchise Agreement §4(e))

6. At our option, establish and maintain the general marketing and development fund (the "**Marketing Fund**"). If established, you will be required to contribute to the Marketing Fund such amounts that we prescribe from time to time (see ITEM 6). Facilities owned and operated by us and our affiliates will contribute to the Marketing Fund on the same basis as franchise owners. (Franchise Agreement §7(a) to §7(d))

We delegate some of our obligations to our Area Representatives. See Exhibit J for more information regarding them.

Advertising, Marketing, and Promotion

Marketing Fund

Although we have not yet done so, we may, at any time during the term of the Franchise Agreement, establish and administer a general marketing and development fund to promote ORANGE THEORY® Facilities on a system-wide basis. If we establish the Marketing Fund, you will contribute an amount to it we designate but no more than 1% of your Facility's Gross Sales. Contributions to the Marketing Fund will be paid at the same time and in the same manner as the Royalty. We will give you at least 30 days' written notice of the establishment of, or any change in the contributions to, the Marketing Fund. (Franchise Agreement - §7(a)) Once established, the Marketing Fund will be maintained and administered by us or our designee as follows:

a. The Marketing Fund will be intended to maximize general public recognition and acceptance of the Marks and to enhance the collective success of all ORANGE THEORY® Facilities. We will direct all advertising programs produced using the Marketing Fund, and will have sole discretion to approve or disapprove the creative concepts, materials, and media used in those programs, the placement of the advertisements, and the allocation of the money in the Marketing Fund to production, placement, or other costs. In administering the Marketing Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that you or any particular ORANGE THEORY® Facility benefits directly or pro rata from the placement of advertising. (Franchise Agreement - §7(b))

b. The Marketing Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including the cost of preparing and conducting television, radio, magazine, and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising/public relations agencies to assist in those activities; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid to the Marketing Fund will be maintained in a separate account by us and may be used to defray any of our administrative costs and overhead that we incur in activities related to the administration or direction of the Marketing Fund and advertising programs for franchisees and all ORANGE THEORY® Facilities. The Marketing Fund and its earnings will not otherwise inure to our benefit. The Marketing Fund is operated solely as a conduit for collecting and

expending the advertising fees as outlined above. We have no fiduciary duty to you, or any other franchisees, or your or their respective owners with regard to the operation or administration of the Marketing Fund. (Franchise Agreement - §§7(b) and (c))

c. It is anticipated that all Marketing Fund contributions will be expended for programs during the fiscal year in which such contributions are made. If excess amounts remain in the Marketing Fund at the end of the year, all expenditures in the following fiscal year will be made first out of such excess amounts, including any interest or other earnings of the Marketing Fund, and next out of current contributions. We may spend in any fiscal year an amount greater or less than the contributions to the Marketing Fund in that year, and the Marketing Fund may borrow from us or other lenders to cover deficits of the Marketing Fund. If we lend money to the Marketing Fund, we may charge interest at an annual rate 1% greater than the rates we pay our lenders. (Franchise Agreement - §7(c))

d. We will, with respect to ORANGE THEORY® Facilities operated by us or our affiliates, contribute to the Marketing Fund on the same basis as you do. (Franchise Agreement - §7(a))

e. An unaudited statement of the operations of the Marketing Fund will be prepared annually by us and will be made available to you upon request. We may, from time to time, cause the Marketing Fund to be audited, but there is no requirement to do so. (Franchise Agreement - §7(c))

f. Although (once established) the Marketing Fund is intended to be of perpetual duration, we may terminate the Marketing Fund. If the Marketing Fund is terminated, all unspent monies, less any outstanding accounts payable and other obligations, on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Marketing Fund during the preceding 12-month period. (Franchise Agreement - §7(a))

We determine the use of monies in the Marketing Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Facility is located. No funds from the Marketing Fund will be used principally for preparation of franchise sales solicitation materials. However, a brief statement about availability of information regarding the purchase of ORANGE THEORY® franchises may be included in advertising and other items produced and/or distributed using the Marketing Fund. (Franchise Agreement - §7(d))

Local Advertising Expenditures

You must spend a minimum of $2,000 or 5% of your Facility's Gross Sales per month, whichever is less, on approved forms of local advertising. You may spend more than the minimum amount required, at your discretion. Upon our request, you will submit to us an advertising expenditure report accurately reflecting all local advertising expenditures for the applicable period. If an inspection or report reveals that you failed to make the required local advertising expenditures, we may require you to contribute the amount of the deficiency to the Marketing Fund. Payment is due within 10 days of your receipt of our invoice. (Franchise Agreement - §7(c))

Advertising Cooperatives

If an association of ORANGE THEORY® Facility franchisees is established in a geographic area in which your Facility is located (the "**Co-op**"), we may require you to join and actively participate in it. We or your Area Representative will determine the area and membership of each Co-op by media coverage or other criteria which we may establish in our discretion. We will determine whether a Co-op should be formed, changed, dissolved or merged for your market. The advertising cooperatives will

operate from written governing documents approved by the members and are available on request; but none currently exist. Generally, they are to be administered by their members. We reserve the right to require that each Co-op prepare annual financial statements for its members. We also reserve the right to audit any accounts or funds collected by the Co-op. You must contribute to the Co-op such amounts as are determined from time to time by it. Franchisor or affiliate-owned Facilities are not required to contribute on the same basis as you, but may choose to do so. We will not set the amount of those contributions and there is no limit. If we require you to participate in a Co-op, your local advertising requirement will be reduced by the amount that you contribute to such Co-op, up to the amount of the local advertising requirement. If, on the other hand, your participation in any Co-op is voluntary, then amounts that you contribute to such Co-op will be in addition to the amounts that you are required to spend for local advertising under the Franchise Agreement. The Co-op will adopt its own written rules, regulations and procedures which will be available for you to review and which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the Co-op and its members. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach under the Franchise Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you. (Franchise Agreement - §7(f))

Grand Opening Marketing

You must develop and implement a grand opening promotion approved by us for your Facility. You must spend a minimum of $5,000 for a grand opening program for your Facility during the period that is 45 days before and 30 days following the opening of your Facility. You may spend more than the minimum amount that we require. Grand opening advertising will consist of a variety of public relations, marketing and advertising initiatives intended to publicize the opening of the ORANGE THEORY® Facility. Amounts that you spend on grand opening advertising do not count towards any other advertising obligations you have under the Franchise Agreement. (Franchise Agreement - §3(f))

Approval of Advertising

All advertising and promotion by you in any medium must be conducted in a dignified manner and must conform to our standards and requirements as described in the Manuals or otherwise. You must obtain our written approval of all advertising and promotional plans and materials before their use, unless the plans and materials were prepared or previously approved by us during the 12 months before their proposed use. You will submit all unapproved plans and materials to us. If you do not receive written approval within 30 days of our receipt of such materials, we will be deemed to have disapproved the materials. You will not use any materials that we have not developed or approved, and will promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from us. We may review and approve or disapprove all advertising and promotional materials that you propose to use. (Franchise Agreement - §§3(f) and 7(e))

We currently do not have a formal franchisee advisory council or association.

Internet Web Site

We have established and maintain an Internet website at the uniform resource locator www.orangetheoryfitness.com that provides information about the System and ORANGE THEORY® Facilities (the "**Website**"). We have enhanced our Website to include a series of interior pages that identify ORANGE THEORY® Facilities by address and telephone number. We may (but are not

required to) include at the Website an interior page containing additional information about your Facility. If we include your information on the Website, we have the right to require you to prepare all or a portion of the page, at your expense, using a template that we provide. All information is subject to our approval before posting. (Franchise Agreement - §7(g))

We will have sole discretion and control over the Website's design and content. We have the sole right to approve any linking to, or other use of, the Website. We have no obligation to maintain the Website indefinitely, but may discontinue it at any time without liability to you. Furthermore, as we have no control over the stability or maintenance of the Internet generally, we are not responsible for damage or loss caused by errors of the Internet. (Franchise Agreement - §7(g))

We also may establish and maintain one or more social media sites (e.g., www.twitter.com; www.facebook.com or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associated with the Marks, without our advance written consent. We may designate from time to time regional or territory-specific user names/handles that you must maintain. You must adhere to the social media policies that we establish from time to time, and must require your employees to do so as well. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with our Manuals and System Standards, including our take-down policies. You are responsible for ensuring that all of your managers, trainers, sales associates and owners comply with our social media policies. (Franchise Agreement - §7(g))

You will not be allowed to establish or operate any website for your Facility or establish or participate in any ORANGE THEORY® related blog or other discussion forum without our prior written consent. (Franchise Agreement - §7(g))

Computer System

We have the right, under the Franchise Agreement, to require you and other franchisees of ORANGE THEORY® Facilities to use a common type or version of computer hardware and software systems for all sales processing, inventory, membership tracking, accounting, payroll, operations and other functions as we may otherwise require in the Manuals and as we may from time to time otherwise prescribe in writing. Among other functions, the required systems may include the use of remote servers, off-site electronic information storage and Internet connections. You will use the computer systems we prescribe and will sign any necessary licensing agreements with third party developers or manufacturers of those systems.

Presently, we require you to install and maintain a Dell computer that is capable of running the MindBody™ web-based business management software that we require and that operates on a Windows XP or higher operating system. The computer must have a high speed modem that permits you to connect to the Internet and to transmit and receive e-mail. You must sublicense MindBody™ software from us. This software is used for both membership management and reporting purposes. (See ITEM 6)

We estimate that the cost of the computer system will be approximately $2,875 to $3,375. (See ITEM 7)

We may develop or have developed for us a proprietary software package for use in all ORANGE THEORY® Facilities. If we develop or improve any such software, we may require you to sign a software license agreement in the form that we prescribe for the license of our proprietary software to you in connection with your operation of the Facility. We may, at our option, upgrade, modify or replace the

proprietary software for use in all ORANGE THEORY® Facilities, and you must incorporate such modifications or additions within 30 days after receiving written notice from us, unless a longer time period is stated in the notice.

We may utilize the computer systems to monitor the daily operations of the Facility and the System. Through this monitoring system, we may access and retrieve daily any information concerning the Facility stored on your Computer Systems or the off-site server, including information concerning gross revenues, membership information, inventory, expenditures and such other information as may be contained or stored on the Computer System or software. This information may be received by using software we specify; by the establishment and maintenance of an Internet access account with us; by a direct Internet connection with us; by telephone line and modem connections to electronic cash register systems (or other computer hardware and software); or by any other means we prescribe. There are no contractual limitations on our right to access the information.

You must install and maintain the equipment, make the arrangements, and follow the procedures that we require in the Manuals or otherwise in writing (including the establishment and maintenance of Internet, intranet, or extranet access or other means of electronic communication, as specified by us) from time to time to permit us to access, download and retrieve electronically, by telecommunication or other designated method, any information stored in your Computer Systems, including information concerning the Gross Sales of the Facility, and to permit us to upload and for you to receive and download information from us. You must allow us to have access to the information at the times and in the manner that we specify. It will be a material event of default under the Franchise Agreement if you fail to make that information accessible to us at all times throughout the term of the Franchise Agreement. (Franchise Agreement §6(j))

You may not establish or maintain any website or any type of presence on the Internet or World Wide Web that in any manner whatsoever uses the Marks without our prior written consent. You must ensure that none of your owners, managers or employees use our Marks on the Internet or World Wide Web, except in strict compliance with the social media policies that we establish from time to time. (Franchise Agreement §7(g))

Neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. Currently, there are no optional or required maintenance/upgrade contracts for the point-of-sale or computer system.

Site Selection

You must select the site for the Facility, subject to our acceptance. The Facility may not be relocated without our written consent. The proposed site must comply with our site selection criteria. We do not select or endorse your site. However, we will use reasonable efforts to review and approve or disapprove a proposed site within 10 days from the date you submit all required information. If we do not accept the proposed site within such 10-day period, the proposed site is deemed rejected. You may not proceed to develop a Facility on the proposed site unless we have consented in writing to the site. Our identification of, or consent to, a site does not constitute a guarantee, recommendation or assurance as to the success of the site or your Facility. You must sign, and provide us with a signed copy of your lease (including a signed copy of the Lease Addendum) or the purchase agreement for the selected and accepted site within 4 months from the date of execution of the Franchise Agreement. (Franchise Agreement - §3(a))

We will make available to you one copy of our Manuals (in the medium we decide) containing site selection guidelines, which guidelines may require, at your sole expense, an evaluation of the demographics of the market area for the proposed location (including the population and income level of residents in the market area), aerial photography, size and other physical attributes of the location, proximity to residential neighborhoods and proximity to shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic. We will provide you with such site selection counseling and assistance, and on-site evaluations, as we consider necessary and appropriate as part of our evaluation of the proposed site. (Franchise Agreement - §3(a))

At your reasonable request, we may, in our sole discretion and subject to the availability of our personnel, furnish you with additional site selection and/or development guidance and assistance which is beyond the nature and scope of the services we are then providing to new ORANGE THEORY® franchisees as part of the Initial Franchise Fee. If, in our sole discretion, we elect to provide such additional services, you and we will agree upon and document the nature and scope of this additional assistance. We may charge you a reasonable fee for such additional services, including, but not limited to, *per diem* charges for travel and living expenses for our personnel. (Franchise Agreement - §3(a))

Time to Opening

We estimate that the typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the franchise, and the opening of your Facility is approximately 120 to 180 days. Factors that may affect this period include whether you have selected a site when you sign the Franchise Agreement, your ability to obtain an acceptable site, arrange leasing and financing, make leasehold improvements, install fixtures, equipment and signs, decorate the Facility, meet local requirements, obtain inventory, and similar factors.

You must open the Facility for business by the Mandatory Opening Date stated in the Franchise Agreement. If you fail to begin operations within the specified time period, we may terminate the Franchise Agreement (Franchise Agreement, §3(e)).

Operations Manual

After you sign the Franchise Agreement, we will provide you with access to one copy of our Manuals. A copy of the table of contents of our Manuals is attached as Exhibit F to this disclosure document. We consider the contents of the Manuals to be proprietary, and you must treat them as confidential. You may not make any unauthorized copies of the Manuals. (Franchise Agreement - §4(d))

Training

If the Franchise Agreement relates to your first ORANGE THEORY® Facility, you (or your managing owner) and your Facility's designated manager and lead trainer and up to 2 sales associates hired as of the date of training must successfully complete our initial training program before your Facility opens to the public. Our initial training program lasts approximately 4 days and is presently conducted at our headquarters in Fort Lauderdale, Florida. Portions of the initial training program may be conducted at ORANGE THEORY® Facilities located in Fort Lauderdale, Florida, or any other Facility in the system that we designate from time to time. Your fitness trainers will be trained separately at your Facility or a designated Facility for a period of 3 to 5 days. Your fitness trainers must be trained by us and must pass the training we provide in order to participate as a Group Personal Trainer at your Facility. If an Area Representative is located in your market, training may be provided by such Area Representative at an ORANGE THEORY® Facility that we have certified as a training facility. See Exhibit J for more

information regarding our Area Representatives. The subjects covered, approximate hours of classroom and on-the-job training, and other information about our initial training as of the date of this disclosure document is described below:

TRAINING PROGRAM FOR OWNERS AND MANAGERS

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
DAY ONE			
What is ORANGE THEORY®	2	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Location, SPECs, FFE, Fitness Equipment	2	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Hardware POS	1	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
In-Store Training	—	2	Our Affiliate's Facility in Fort Lauderdale, FL and/or Area Representative's Training Facility
DAY TWO			
Fitness Coach and Sales Associate Recruiting	2	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Fitness Coach Training Overview	2	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Sales Associate Training	3	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
In-Store Training	—	2	Our Affiliate's Facility in Fort Lauderdale, FL and/or Area Representative's Training Facility
DAY THREE			
Marketing Program	1	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Grand Opening Marketing	1	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Front Desk Orientation/P&P	3	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
In-Store Training	—	1	Our Affiliate's Facility in Fort Lauderdale, FL and/or Area Representative's Training Facility
DAY FOUR			
Managing Your Location	2	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Orange Book - SA, LSA	1	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
MBO Review	2	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
Required Vendors	1	—	Our headquarters in Ft. Lauderdale, FL and/or Area Representative's Training Facility
In-Store Training	—	1	Our Affiliate's Facility in Fort Lauderdale, FL and/or Area Representative's Training Facility

As of the date of this disclosure document, there is no definitive schedule for our initial training program. We conduct initial training as needed to train new franchisees. All such training will be conducted at our corporate headquarters or an ORANGE THEORY® Facility operated by us or at another location designated by us. We will provide initial training for up to 5 individuals and 4 group personal fitness trainers at no charge, except that you are responsible for the travel and living expenses incurred by the trainees in connection with initial training. If any substitute or additional trainees receive any training, we may charge you our standard training fee (currently, $1,000 per person for each session). (See ITEM 6).

The time periods allocated to the subjects listed above are approximations, and the time actually spent by you and your personnel may vary based on the experience and performance of those persons being trained. The instructional materials used in the initial training will consist primarily of our Manuals, marketing and promotional materials, videos and other handouts. Our training is conducted by the following employees. Their experience relating to the subjects taught and our operations are as follows:

David Long has been our Chief Executive Officer and Chief Operating Officer since our inception in August 2009. See Item 2 for additional information regarding his experience.

Jerome Kern has been our President and also the Vice President of Sales since our inception in August 2009. See Item 2 for additional information regarding his experience.

Ellen Latham has been our Vice President of Fitness since our inception in August 2009. See Item 2 for additional information regarding her experience.

Additional employees who have experience in some facet of the operation of an ORANGE THEORY® Facility (for example, opening, operations or systems management) may also assist in training. Such persons generally have a minimum of 12 months' experience with our system.

We may require you, your owners, your managers and other employees to attend additional, periodic or refresher training programs and seminars at the times and locations we designate. We may charge you a fee for these additional training programs and seminars. You will be responsible for all expenses incurred by you, your owners and your employees in connection with this additional training, including costs of travel, lodging, meals and wages. At least once per year, we may require your lead trainer to complete our then-current lead trainer program. We will not charge tuition for this program, but you must pay for your lead trainer's wages, travel and living expenses.

Item 12

TERRITORY

You will receive the right to operate a single ORANGE THEORY® Facility only at a site we approve, in our sole discretion. The approved site will be designated in the Franchise Agreement. If you and we have agreed on a location as of the date you sign the Franchise Agreement, Exhibit A to the Franchise Agreement will list the street address of the specific location that we have approved. Otherwise, it will be designated in Exhibit A to the Franchise Agreement upon our acceptance of the proposed location.

As long as you are in compliance with the Franchise Agreement, we will not operate, or grant to others the right to operate, an ORANGE THEORY® Facility, the physical premises of which are located within a specified geographic area described in the Franchise Agreement (the "**Territory**"). We will determine the Territory based on various market and economic factors, such as population, traffic flow, presence of businesses, location of competitors (including other ORANGE THEORY® Facilities), demographic and other market conditions. The Territory will typically be defined based on geographic boundaries, streets or other criteria, but we may define the Territory utilizing a radius or other distance from the Facility. We will not approve a Territory that encompasses less than 7,500 Qualified Households. A "**Qualified Household**" is a household with a minimum combined income of $75,000. We will determine the Territory and insert a description of the Territory in Exhibit A to the Franchise Agreement.

You must operate the Facility only at the accepted location and you may not relocate the Facility without obtaining our prior written consent. If we consent to the relocation of the Facility, you must comply with our then-current standards for determining a new location for the Facility. We have the right to charge you a relocation fee for the expenses we incur in connection with any relocation. (See ITEM 6) We apply the same considerations for evaluation relocations of a Facility and the leasing of an additional site as we do for Facilities and sites generally. You may solicit customers and advertise your Facility anywhere you choose. There are no restrictions on you, any of our other franchisees, or us to prevent any soliciting or advertising in someone else's Territory. No party is obligated to pay compensation to any other party for soliciting customers from the other franchisee's Territory. You may not ship products within or without your Territory.

Under the Franchise Agreement, we and our affiliates have reserved the right to establish anywhere franchises and/or company-owned or affiliate-owned facilities or outlets selling similar products and providing similar services (including within your Territory), whether or not using the ORANGE THEORY® System and/or the Marks, even if these facilities or outlets are near your Facility. If we develop or become associated with other concepts (including dual branding and/or other franchise systems), and such concept development opportunity involves the location of a physical unit inside the Territory for the distribution of competitive, fitness-related products/services ("**Concept Development Opportunity**"), we will provide you with a right of first refusal for such an operation. A right of first refusal regarding a Concept Development Opportunity will be processed as follows: We will provide you written notice of a Concept Development Opportunity expected to be physically located in your Territory. You will have 60 days to advise us in writing that you wish to participate in the Concept Development Opportunity. If you do not notify us within such period, then we may pursue such Concept Development Opportunity and/or grant any other person/entity the right to participate in such Concept Development Opportunity without any liability to you. If you timely notify us in writing that you wish to participate in the Concept Development Opportunity, then we may condition your participation on compliance with such terms and conditions as we consider appropriate to the particular Concept Development Opportunity,

in our business judgment. Such conditions may include, but are not limited to, your execution of such agreements and related documents as are then generally used by us in connection with the award of the applicable Concept Development Opportunity; payment of all initial fees and any other applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for a Concept Development Opportunity; and the execution by you (and your owners) of a general release, in a form prescribed by us, of any and all claims against us and our affiliates, and our and their respective owners, officers, directors, employees agents, successors and assigns. If you do not meet the conditions applicable to the award of the Concept Development Opportunity and/or any opening requirements that may be included in any Concept Development Opportunity agreements, then we may pursue such Concept Development Opportunity and/or grant any other person/entity the right to participate in it, without any liability to you.

We also reserve the right to operate, for ourselves or others, businesses using the Marks to distribute products or offer services that may be similar to or different from those found in ORANGE THEORY® Facilities, both within and outside your Territory, so long as we do not do so through the operation of an ORANGE THEORY® Facility located in your Territory. In addition, we may acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include, but are not limited to, arrangements involving competing outlets and brand conversions (to or from the ORANGE THEORY® Marks and System). You must participate at your expense in any such conversion as we may require. We also reserve the exclusive right to sell products identified with the Marks both within and outside your Territory through any distribution channel or method (whether at retail or wholesale), including sales through catalogs, e-commerce mail order, kiosks and mass merchandise, except through the operation of an ORANGE THEORY® Facility located in your Territory, even if you sell those products at your Facility. As one example, we have the right to sell ORANGE THEORY® merchandise through a nationwide retail chain, even if the chain has facilities located within your Territory. On the other hand, you have no right to sell any products from any location other than your Facility, and you have no right to sell products through the Internet or worldwide web, through mail order or catalogs or through any other form of distribution channel or method.

We do not currently have affiliates that operate and/or franchise competitive concepts, but may in the future, and such health or fitness concepts may be established in close proximity to your Facility (subject to your right of first refusal for any Concept Development Opportunity located in the Territory). You have no right to use the Marks in connection with any business other than an ORANGE THEORY® Facility. We have the right to engage in any other activities not expressly prohibited in the Franchise Agreement. You may face competition from other franchisees, from Facilities that we own or control, or from other channels of distribution or competitive brands we may control. Other than the right of first refusal to acquire a Concept Development Opportunity, you have no right of first refusal or similar rights to acquire additional franchises or establish additional ORANGE THEORY® Facilities. Any rights that are not specifically granted to you under the Franchise Agreement are retained by us.

We will not reduce the size of your Territory even if the population in it increases. Likewise, we will not expand the size of your Territory if the population in it decreases. However, you will be required to meet certain minimum performance levels during the term of your Franchise Agreement to retain exclusive rights in the Territory. The Performance Standards are as follows:

Time Period*	**Gross Sales (non-cumulative)**
Year 1	$200,000
Year 2	$250,000

Year 3 and thereafter	$300,000

*Year 1 begins on the Actual Opening Date and ends on the first anniversary thereof. Each subsequent year runs for the same 12-month period thereafter.

If you do not achieve the Performance Standards during any year, then (i) you must pay to us the difference between the Royalties actually paid and the amount of Royalties you would have paid if you had met the Performance Standards, within 10 days of our invoice; and (ii) we may either (a) terminate your exclusive rights to the Territory; (b) reduce the scope of the geographic area comprising the Territory in which you will have exclusive rights; or (c) terminate the Franchise Agreement.

You may not advertise on the Internet or establish or maintain any Website or any presence on the Internet without our prior written consent. You may use the Internet to advertise only in compliance with the Franchise Agreement.

Item 13

TRADEMARKS

Primary Trademark

We grant you the right to use certain trademarks, service marks and other commercial symbols in operating your Facility. The primary trademarks we use are “ORANGE THEORY®” and "OT FIT®."

Trademark Registration

The status of the registration of the principal trademarks on the Principal Register of the United States Patent and Trademark Office (“**USPTO**”) is as follows:

Mark	Registration No.	Registration Date	Class/Use
ORANGE THEORY	4091462	January 24, 2012	Providing fitness and exercise facilities; health club services
ORANGETHEORY (words and design) orangetheory	4037579	October 11, 2011	Providing fitness and exercise facilities; health club services, namely, providing instructions and equipment in the field of physical exercise
OT FIT	4099838	February 14, 2012	Providing fitness and exercise facilities; health club services, namely, providing instructions and equipment in the field of physical exercise

There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in a manner material to the franchise. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any

state or any court, nor are there any pending infringements, opposition or cancellation proceedings, or material litigation involving our principal trademarks. All required affidavits have been filed.

Use of the Marks

Your right to use the Marks (including any additional trademarks or service marks we authorize you to use) is derived solely from the Franchise Agreement and is limited to the operation of your Facility in accordance with the terms of the Franchise Agreement and the Manuals. You may not use any Mark as part of any corporate or legal business name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any Mark in connection with the sale of any unauthorized products or services, or in any other manner we have not expressly authorized in writing.

Infringements

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark. You must fully cooperate with us with respect to our prosecution of any infringement claim or our defense of a claim that you are infringing the trademark rights of any third party. We have the exclusive right to control any such prosecution or defense.

Indemnification

We will indemnify, defend and hold you harmless from and against, and reimburse you for, all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of the Marks, pursuant to and in compliance with your Franchise Agreement, resulting from claims by third parties that your use of any of the Marks infringes their trademark rights, in any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of your Franchise Agreement. We will not indemnify you against the consequences of your use of the Marks unless such use is authorized and in accordance with your Franchise Agreement. We have the right to control the defense of any proceeding arising from your use of any Mark, including the right to compromise, settle, or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

Changes to the Marks

If we determine that is advisable at any time for us and/or you to modify or discontinue the use of any Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. However, we will not be obligated to reimburse you for any expenses or loss of revenue attributable to any modified or discontinued Mark or for any expenditures you make to promote a modified or substitute trademark or service mark.

Other than as described above, we do not actually know of either superior prior rights or infringing uses that could materially affect your use of our principal trademarks in any state.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no patents or registered copyrights that are material to the ORANGE THEORY®

franchise described in this disclosure document. However, we do claim copyright protection and proprietary rights in the original materials used in the System, including our Manuals, bulletins, correspondence and communications with our franchisees, training, advertising and promotional materials, proprietary software and other copyrightable materials relating to the operation of ORANGE THEORY® Facilities and the System.

We treat all of this information as trade secrets and you must treat any of this information we communicate to you confidentially. You and your owners must agree not to communicate or use our confidential information, including our Manuals and any other information we create or approve for use in operating the Facility, for the benefit of anyone else during or after the term of the Franchise Agreement. You must not copy, record or otherwise reproduce these materials, or make them available to any unauthorized person. You may divulge this confidential information only to your employees who need it to operate your ORANGE THEORY® Facility. Certain individuals having access to our confidential information, including your managers and owners, may be required to sign nondisclosure and non-competition agreements in a form we approve.

If you or any of your owners or employees develop any new concept, process, product or improvement in operating or promoting the Facility, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes or improvements will become our property, and we may use or disclose them to other franchisees, as we determine appropriate.

There is no presently effective determination of the U.S. Copyright Office (Library of Congress) or any court affecting our copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement or otherwise to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

We do not require, but do recommend, that you (or your managing owner) personally supervise your Facility. You must designate a full-time, on-premises manager who (a) devotes his or her full working time and best efforts to the day-to-day, on-premises operations of the Facility, (b) has satisfactorily completed our management training program, and (c) is not engaged in any other business endeavor (except passive investments which do not interfere with his or her duties as manager). You must ensure that your managers agree to comply with the Franchise Agreement's confidentiality and non-competition provisions. Unless we approve, no independent consultant or management company may manage the Facility. The Facility's manager is not required to have an equity interest in the Facility (or in you).

We have the right to require you to obtain covenants against the use and disclosure of any confidential information and covenants not to compete from your owners (and any member of their immediate families or households), officers, directors, executives, managers or members of the professional staff and employees of your Facility who have received or will have access to our training or confidential information. This nondisclosure and noncompetition agreement will prohibit them from directly or indirectly engaging in activities that compete with the operations of your Facility or any other ORANGE THEORY® Facility, disclosing our confidential and proprietary information and trade secrets,

and soliciting our employees and employees of other ORANGE THEORY® Facility franchisees. All of the required covenants must be in substantially the form of Nondisclosure and Noncompetition Agreement attached as Exhibit B to the Franchise Agreement. We will be a third party beneficiary with the right to enforce the covenants contained in such agreements.

We may also require each of your owners to personally guarantee your obligations to us under the Franchise Agreement. The guarantees will be in the form of the Owner's Guaranty attached as Exhibit H to this disclosure document. The Owner’s Statement, attached as Exhibit I to this disclosure document, describes all of your owners and their interests in you.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct the business operated at your Facility as required by the Manuals and the Franchise Agreement. All products and services must conform to our standards and specifications (see ITEM 8). You must offer all products and services that we periodically require for ORANGE THEORY® Facilities. We restrict these required products and services to fitness and health-related services, tanning services, and authorized ORANGE THEORY® branded products, as specified in the confidential Manuals or other written directives. We have the right to add additional authorized products and services that you must offer. This means that we have the right to require you to offer the required products and services that we prescribe and that we determine are appropriate for ORANGE THEORY® Facilities. Except as otherwise described below, there is no limit on our right to do so.

The term “**Ancillary Business Operations**” means business activities that we periodically specify as being ancillary and optional to the main business of the Facility and which independent contractors (rather than a Facility employee) may traditionally perform. Ancillary Business Operations include activities like massage services, chiropractic services and physical therapy services. We may specify in the Manuals and periodically modify those business activities that will be Ancillary Business Operations. “**Core Business Operations**” means all business activities of or associated with the Facility that are not Ancillary Business Operations. Core Business Operations include activities like the Facility’s front desk and membership operations, all cardio and weight training functions, personal training services, tanning services and group exercise. Your Facility must offer or perform (as applicable) all Core Business Operations, as we periodically modify them.

You and your employees must perform all Core Business Operation at the Facility, and you may not contract with or allow any third party, including any licensee, lessee, consultant or other independent contractor (a “**Contractor**”), to perform any Core Business Operations. You must periodically at our request provide us information concerning your Facility’s Core Business Operations, Ancillary Business Operations and relationships with Contractors.

At your option, but subject to our prior written approval and your compliance with all terms and conditions of the Franchise Agreement, you may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that you enter into an arm’s-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations yourself (through your employees), either under the Marks or under any trademark, service mark or trade name other than the Marks (“**Other Mark**”) that you own or license from a third party (an “**Ancillary Trademark Licensor**”). As a condition to obtaining our approval:

a. You must first submit to us all agreements and other documents evidencing the

relationship between you and each Contractor or Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify us of any changes in the terms of your relationship with any Contractor or Ancillary Trademark Licensor;

b. You and each Contractor or Ancillary Trademark Licensor must sign the agreements and documents we periodically specify to protect our rights in the System, Confidential Information and the Marks;

c. If a Contractor performs the Ancillary Business Operations, you and the Contractor must have an arm's-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

d. If a Contractor performs the Ancillary Business Operations or you perform the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must not use or display the Marks in any manner, must be clearly distinguishable from your Facility's other operations, and must be clearly identified in the manner we periodically specify as an independently owned and operated business separate from the Facility.

We have the right to modify System Standards which may accommodate regional or local variations, and any such modifications may obligate you to invest additional capital in the Facility ("**Capital Modifications**") and/or incur higher operating costs; provided, however, that such modifications will not: (a) occur within 12 months of signing your Franchise Agreement; or (b) alter your fundamental status and rights under your Franchise Agreement. We will give you 30 days to comply with Capital Modifications but if a Capital Modification requires an expenditure of more than $5,000, we will give you 60 days to comply. We will not require you to spend more than $10,000 per year during the initial term of your Franchise Agreement in connection with Capital Modifications. Capital Modifications are in addition to costs you incur to repair, replace or refurbish your equipment and fixtures. In addition, Capital Modifications do not include expenditures you are required or choose to make to comply with applicable laws, governmental rules or regulations (e.g., ADA compliance).

You must comply with all applicable laws and regulations and obtain all appropriate governmental approvals for the franchise. You must operate your Facility in conformity with the methods, standards and specification we prescribe to maintain uniformity within our system and to provide the highest degree of quality and service. You must not deviate from our standards and specifications without our prior written consent.

You must comply with the reciprocity and transfer programs we implement, as we periodically modify them. We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may sell or as to the customers to whom you may offer such goods or services (see ITEM 8).

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section In Franchise Or Other Agreement	Summary
a. Length of the franchise term	Section 1(b)	10 years
b. Renewal or extension of the term	Section 2(a)	If you meet requirements, you can renew for 1 additional consecutive term of 10 years. Any later granting of subsequent successor franchises will be governed by the terms of the successor franchise agreement.
c. Requirements for franchisee to renew or extend	Section 2(a) – 2(c)	We do not allow you to "renew" the Franchise Agreement, but we do grant you the right (subject to satisfaction of the conditions described below) to acquire a successor franchise, which requires you to sign our then-current form of Franchise Agreement which may be materially different than the form attached to this disclosure document. Conditions include, among others: You must give 6 months notice, repair and update equipment and Facility premises, not be in breach of any Agreement with us or our affiliates, have the right to remain in possession of Facility premises, have satisfied all monetary obligations to us and our affiliates, pay successor franchise fee, sign current Franchise Agreement and general release, comply with current qualification and training requirements, and complete any retraining program we may require.
d. Termination by franchisee	Section 16(a)	You can terminate only if we fail to cure a default under the Franchise Agreement within 30 days after you give us written notice or, if the breach cannot be cured within 30 days, we provide you with reasonable evidence of our effort to correct such breach within a reasonable time period.
e. Termination by franchisor without cause	None	Not Applicable
f. Termination by franchisor with cause	Section 16(b)	We can terminate only if you default or if certain events (described in (g) and (h) below) occur. In some instances, you will have an opportunity to cure the default.
g. "Cause" defined – curable defaults	Section 16(b)	Failure to comply with any provision of the Franchise Agreement not covered in (h) below. You have 30 days after we give you written notice to cure the default.

Provision	Section In Franchise Or Other Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 16(b)	Non-curable defaults include, among others: You or your owners make any misrepresentations or omissions to us; you fail to locate a suitable site and sign a lease for the location within the required time period; you fail to open the Facility by the Mandatory Opening Date; you abandon the Facility or lose possession of the Site; you or your owners make an unauthorized transfer; you or your owners are convicted of a felony or other serious crime that may have an adverse affect on your Facility or the Marks; a lender forecloses a lien on a substantial and material portion of the Facility's assets; you or your owners misappropriate any confidential information or violate any competitive restrictions; you violate any material law and do not cure such violation within the time period prescribed by governmental authority; you fail to report Gross Sales or make payments to us or our affiliates and do not cure such failure within 5 days after notice; you fail to maintain the required insurance and do not correct such failure within 5 days after notice; you fail to pay federal or state income taxes; you default under the Franchise Agreement or any other agreement with us or our affiliates 3 times within 12 months, whether or not such breaches are timely cured; you repeatedly fail to timely pay amounts owed to suppliers; we terminate any other franchise agreement or other agreement granted to you or your affiliates; you make an assignment for the benefit of creditors or become insolvent; or you fail to comply with any other provision of the Franchise Agreement and do not cure within 30 days after notice.
i. Franchisee's obligations on termination/non-renewal	Section 17(a) — 17(g)	Obligations include, among others: You must cease operating the Facility, cease using the Marks and System, completely de-identify the business, pay all amounts due to us or our affiliates, return all Manuals and software and other proprietary materials, and comply with confidentiality requirements and post-term restrictive covenants.
j. Assignment of contract by franchisor	Section 10(a)	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	Section 10(b)	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Facility or you (if you are not a natural person).
l. Franchisor approval of transfer by franchisee	Section 10(c)	You must obtain our consent before transferring any interest in the assets of the Facility, the Franchise Agreement, or in you (if you are not a natural person).

Provision	Section In Franchise Or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 10(d)	Conditions include, among others: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release and pay a transfer fee. Transferee must meet our criteria, assume all obligations, attend training, renovate or modernize the Facility and sign our then-current form of Franchise Agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 10(f)	In the event of a proposed sale pursuant to a bona fide offer received from a third party, we have the option, within 30 days after receiving notice, to purchase the transferred interest on the same terms and conditions offered by the third party. We also have a right of first refusal to purchase your or your owner's interest upon death or disability.
o. Franchisor's option to purchase franchisee's business	Section 17(f)	If we terminate the Franchise Agreement, or you terminate Franchise Agreement without cause, we have the option to purchase the Facility from you, including the leasehold rights to the Site, for fair market value.
p. Death or disability of franchisee	Section 11(a) – 11(b)	Upon death or disability, your (or your owner's) interest must be transferred to someone approved by us within a reasonable time (not to exceed 6 months). Such transfers are subject to the same terms and conditions as inter vivos transfers, except that we will not require payment of a transfer fee.
q. Non-competition covenants during the term of the franchise	Section 14	You and your owners may not, directly or indirectly: (a) have any interest as a disclosed or beneficial owner in any Competitive Business; (b) perform services for any Competitive Business; (c) recruit or hire any of our employees, or the employees of our affiliates, developers or franchisees, without first obtaining the written permission of such person's employer; (d) divert, or attempt to divert, any business or customer of the Facility to any competitor; or (e) do or perform any act injurious or prejudicial to the goodwill associated with the Marks and the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 17(d)	Covenants include, among others: You and your owners are prohibited, for a period of 2 years following expiration or termination of the Franchise Agreement, from engaging in the conduct described above with respect to a business which is located within a 10-mile radius of the Facility or within a 10-mile radius of any other ORANGE THEORY® Facility in operation or under development on the date of termination or expiration of the Franchise Agreement.
s. Modification of the agreement	Section 19(b)	You must comply with Manuals as amended. Franchise Agreement may not be modified unless mutually agreed to in writing, except we may reduce scope of covenants.

Provision	Section In Franchise Or Other Agreement	Summary
t. Integration/merger clause	Section 21(f)	Only the terms of the Franchise Agreement are binding (subject to applicable state law); **however, nothing in the Franchise Agreement or any related agreement is intended to disclaim representations made in this disclosure document**.
u. Dispute resolution by arbitration or mediation	Sections 20 and 21	Except for certain claims, all disputes must be mediated at a mutually agreeable location, or at our headquarters. If a dispute cannot be resolved, it must be submitted to binding arbitration under the rules of the American Arbitration Association.
v. Choice of forum	Section 21(b)	Arbitration proceedings will be held exclusively in Broward County, Florida. Litigation in the state and federal courts with jurisdiction over Broward County, Florida (subject to applicable state law).
w. Choice of law	Section 21(a)	Except for federal law, Florida law applies (subject to applicable state law).

Please refer to the disclosure addenda and contractual amendments appended to this disclosure document for additional items that may be required under applicable state law. These additional disclosures, if any, appear in an addendum or rider in Exhibit G. Please note, though, that if you would not otherwise be covered under those state laws by their own terms, then you will not be covered merely because we have given you an addendum that describes the provisions of those state laws.

Item 18

PUBLIC FIGURES

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

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Randy Sue Valove, 1815 Cordova Road, Suite 206, Fort

Lauderdale, Florida 33316, (954) 306-6225, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

We were organized on August 4, 2009 and started offering unit franchises on July 1, 2010. We have no franchise history to report before those dates. Our affiliate (through common ownership) owns and operates 1 ORANGE THEORY® Facility in Fort Lauderdale, Florida. This Facility began operations in March 2010. We do not own or operate any Facilities.

Table No. 1
Systemwide Outlet Summary
For Fiscal Years Ended December 31, 2009, 2010 and 2011

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2009	0	0	0
	2010	0	0	0
	2011	0	12	+12
Company-Owned [1]	2009	0	1	+1
	2010	1	2	+1
	2011	2	1	-1
Total Outlets	**2009**	**0**	**1**	**+1**
	2010	**1**	**2**	**+1**
	2011	**2**	**13**	**+11**

NOTES:

[1] This ORANGE THEORY® Facility is located in Fort Lauderdale, Florida. This Facility is owned and operated by our affiliate. We do not operate any of the Facilities.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Fiscal Years Ended December 31, 2009, 2010 and 2011

State	Year	Number of Transfers
All States	2009	0
	2010	0
	2011	0
Total	**2009**	**0**
	2010	**0**
	2011	**0**

Table No. 3
Status of Franchised Outlets
For Fiscal Years Ended December 31, 2009, 2010 and 2011

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	2	0	0	0	0	2
Colorado	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	1	0	0	0	0	1
Florida	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	6	0	0	0	0	6
Minnesota	2009	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0
	2011	0	3	0	0	0	0	3
Totals	2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2010	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2011	**0**	**12**	**0**	**0**	**0**	**0**	**12**

Table No. 4
Status of Company-Owned Outlets
For Fiscal Years Ended December 31, 2009, 2010 and 2011

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida[(1)]	2009	0	1	0	0	0	1
	2010	1	1	0	0	0	2
	2011	2	0	0	0	1	1
Totals	2009	**0**	**1**	**0**	**0**	**0**	**1**
	2010	**1**	**1**	**0**	**0**	**0**	**2**
	2011	**2**	**0**	**0**	**0**	**1**	**1**

NOTES:

[(1)] This ORANGE THEORY® Facility is located in Fort Lauderdale, Florida. This Facility is owned and operated by our affiliate. We do not operate any of the facilities.

Table No. 5
Projected Openings as of December 31, 2011

State	Franchise Agreement Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year (2012)	Projected New Company-Owned Outlets in the Next Fiscal Year (2012)
Arizona	2	4	0
California	0	5	0
Colorado	2	4	0
Connecticut	0	1	0
Florida	6	6	1
Georgia	0	2	0
Illinois	0	3	0
Maryland	0	1	0
Michigan	0	1	0
Minnesota	0	4	0
New Jersey	0	3	0
New York	1	5	0
Ohio	0	1	0
Pennsylvania	1	3	0
Texas	0	2	0
Virginia	0	1	0
Washington	0	1	0
Wisconsin	0	2	0
District of Columbia	0	1	0
Totals	**12**	**50**	**1**

Exhibit K lists the name, business address, and business telephone number of each current franchisee as of December 31, 2011.

The name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of the franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document are listed below:

NONE

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

We are not offering any existing franchised outlets to franchisees, including those that either have been reacquired by us or are still being operated by current franchisees pending a transfer. If we begin to offer any such outlet, specific information about the outlet will be provided to you in a separate supplement to this disclosure document.

During the last 3 fiscal years, no current or former franchisees or area developers have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our system.

There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

Item 21

FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit C are our audited financial statements for the fiscal years ended December 31, 2009, 2010 and 2011. Our audited financial statements for the fiscal year ended December 31, 2010 were re-stated. Our unaudited financial statements for the period ending March 31, 2012 are also attached as Exhibit C.

Item 22

CONTRACTS

Attached to this disclosure document are the following contracts and their attachments:

1.	Franchise Agreement (with attachments)	Exhibit B
2.	Conditional Assignment of Telephone Numbers and Listings and Internet Addresses	Exhibit D
3.	Form of Addendum to Lease Agreement	Exhibit E
4.	Owner's Guaranty	Exhibit H
5.	Owner's Statement	Exhibit I
6.	Franchise Compliance Certificate	Exhibit L

Item 23

RECEIPT

The very last page of this disclosure document should be detached and returned to us acknowledging your receipt of this disclosure document. The next to the last page is a duplicate receipt to be kept by you. If this page or any other pages or exhibits are missing from your copy, please contact us at the following address or telephone number:

Ultimate Fitness Group, LLC
1815 Cordova Road, Suite 206
Fort Lauderdale, Florida 33316
Attn: Randy Sue Valove
(954) 306-6225

EXHIBIT A TO THE DISCLOSURE DOCUMENT

STATE AGENCIES AND ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

Our registered agent in the State of Delaware is:

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Corporations *Los Angeles* 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 *Sacramento* 1515 K Street Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 *San Diego* 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 *San Francisco* 71 Stevenson Street Suite 2100 San Francisco, CA 94105-2180 (415) 972-8559	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Minnesota	Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198 (651) 296-6328	Commissioner of Commerce Minnesota Department of Commerce Market Assurance Division 85 7th Place East, Suite 500 St. Paul, Minnesota 55101-2198
New York	New York State Department of Law Bureau of Investor Protection and Securities 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211	Secretary of State The Division of Corporations One Commerce Plaza 99 Washington Avenue Albany, NY 12231-0001
North Dakota	Office of Securities Commissioner Fifth Floor 600 East Boulevard Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex–69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Securities 445 East Capitol Avenue Pierre, SD 57501-3185 (605) 773-4823	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

ULTIMATE FITNESS GROUP, LLC

FRANCHISE AGREEMENT

______________________________	______________________________
Effective Date	**Franchisee Name**
______________________________	**Address of Facility:**
Facility Number	______________________________
	______________________________
	______________________________

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ORANGE THEORY®
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") is made effective as of _____________, 20___ (the "**Effective Date**"), regardless of when the parties execute and date this Agreement, by and between **ULTIMATE FITNESS GROUP, LLC**, a Delaware limited liability company whose principal business address is 1815 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316 ("**we**," "**us**," "**our**" or "**Franchisor**"), and ____, a ____________________________ whose principal business address is __________________ __________________________ ("**you,**" "**your**" or "**Franchisee**").

We and our Affiliates have developed valuable and proprietary business formats and systems ("**Systems**") that are used in developing and operating health and fitness centers (called "**Facilities**") identified by the trade and service marks "**ORANGE THEORY®**" and "**OT FIT®**" and related commercial symbols that we periodically specify (the "**Marks**"). You will have the right to use the Marks in operating a Facility as long as you comply with this Agreement and all System Standards (as defined in Section 24) relating to use of the Marks.

We franchise others to operate one or more ORANGE THEORY® Facilities. You have applied for a franchise to own and operate an ORANGE THEORY® Facility, and we wish to grant you such a franchise on the terms and conditions contained in this Agreement.

Defined terms are found throughout this Agreement and in Section 24 herein.

In consideration of the mutual undertakings and commitments set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT OF FRANCHISE

(a) GRANT.

On the terms and conditions of this Agreement, we grant you a franchise ("**Franchise**") to operate one Facility, and to use the Systems and the Marks in its operation, at the Site identified in Exhibit A, which is located within the Territory also described in Exhibit A. (If the Site and Territory are not determined as of the Effective Date, they will be determined in accordance with Subsections 3(a) and 3(b) and listed on an Amended and Restated Exhibit A.)

(b) TERM.

The term of the Franchise (the "**Term**") begins on the Effective Date and expires 10 years from such date, unless sooner terminated. If we and you agree to the terms of a Successor Franchise pursuant to Section 2, then the Term will include the term of any Successor Franchise.

(c) LOCATION.

You may not operate the Facility from any location other than the Site without our prior written consent. If you request and we consent to the relocation of the Facility, you will comply with our then-current relocation policies and procedures and reimburse us for our out-of-pocket costs and expenses promptly upon receipt of our invoice. Any relocation of the Facility will be at your sole expense.

(d) **TERRITORIAL RIGHTS; EXCEPTIONS FOR HOTELS**.

Subject to the exceptions listed in this Subsection 1(d), our reservation of rights described in Subsection 1(e) below, and your compliance with this Agreement, during the Term, we and our Affiliates will not ourselves operate or authorize others to operate a Facility identified by the Marks the physical premises of which are located within your Territory. However, notwithstanding the foregoing, we may operate and authorize others to operate Facilities located at any hotels, motels and similar operations ("**Hotels**") the physical premises of which are located, or during the Term are built, within the Territory, whether such Facilities operate under the Marks or other trademarks, provided that, if such Facilities operate under the Marks, they will provide services only to guests of the Hotel.

(e) **RESERVATION OF RIGHTS**.

We reserve all rights not expressly granted to you in this Agreement. Without limitation and without regard to proximity to the Facility, we and our Affiliates reserve the right, on such terms and conditions as we deem appropriate, ourselves or through authorized third parties (including our Affiliates), to:

(i) establish and operate, and grant to other franchisees or licensees the right to establish and operate, ORANGE THEORY® Facilities or any other business using the Marks, the System or any variation of the Marks and the System, in any location outside the Territory, on such terms and conditions as we deem appropriate;

(ii) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the ORANGE THEORY® System and/or the Marks, and/or award franchises under such other concepts for locations anywhere; provided that if any such concept development opportunity involves the location of a physical unit inside the Territory for the distribution of competitive, fitness-related products/services ("**Concept Development Opportunity**"), we will provide you with a right of first refusal for such an operation, subject to the process described in subsection (vi) below;

(iii) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include, but are not limited to, arrangements involving competing outlets and brand conversions (to or from the ORANGE THEORY® Marks and System). Such transactions are expressly permitted under this Agreement, and you agree to participate at your expense in any such conversion as may be required by us;

(iv) manufacture, distribute, market, ship, sell and provide products and services identified by the Marks or other trademarks, service marks, commercial symbols or emblems to customers located in the Territory through any distribution channel or method, including Internet (or any other existing or future form of electronic commerce), irrespective of proximity to the Facility without compensation to you; provided, however, that such sales will not be made from an ORANGE THEORY® Facility located in the Territory;

(v) engage in any other activity, action or undertaking that we are not expressly prohibited from taking under this Agreement;

(vi) A right of first refusal regarding a Concept Development Opportunity (as described in subsection (ii) above) will be processed as follows: We will provide you written notice of a Concept Development Opportunity expected to be physically located in your

Territory. You will have 60 days in which to advise us in writing that you wish to participate in the Concept Development Opportunity. If you do not notify us within such period, then we may pursue such Concept Development Opportunity and/or grant any other person/entity the right to participate in such Concept Development Opportunity without any liability to you. If you timely notify us in writing that you do wish to participate in the Concept Development Opportunity, then we may condition your participation on compliance with such terms and conditions as we consider appropriate to the particular Concept Development Opportunity, in our business judgment. Such conditions may include, but are not limited to, your execution of such agreements and related documents as are then generally used by us in connection with the award of the applicable Concept Development Opportunity; payment of all initial fees and any other applicable fees; meeting any eligibility requirements as are then generally applied by us to candidates for a Concept Development Opportunity; and the execution by you (and your Owners) of a general release, in a form prescribed by us, of any and all claims against us and our Affiliates, and our and their respective owners, officers, directors, employees agents, successors and assigns. If you do not meet the conditions applicable to the award of the Concept Development Opportunity and/or any opening requirements that may be included in any Concept Development Opportunity agreements, then we may pursue such Concept Development Opportunity and/or grant any other person/entity the right to participate in it, without any liability to you.

(f) **PERFORMANCE STANDARDS**.

We expect you to meet certain minimum performance levels during the Term of this Agreement (the "**Performance Standards**"). Your Performance Standards in the Territory are as follows for the following time periods during the Term:

Time Period*	**Gross Sales (non-cumulative)**
Year 1	$200,000
Year 2	$250,000
Year 3 and thereafter	$300,000

*Year 1 begins on the Actual Opening Date and ends on the first anniversary thereof. Each subsequent year runs for the same 12-month period thereafter.

You must meet the Performance Standards for the Territory during each of the time periods specified in the chart above. If you do not achieve the Performance Standards during any year, then (i) you must pay to us the difference between the Royalties actually paid and the amount of Royalties you would have paid if you had met the Performance Standards, within 10 days of our invoice; and (ii) we may either (A) terminate your exclusive rights to the Territory; (B) reduce the scope of the geographic area comprising the Territory in which you will have exclusive rights; or (C) terminate this Agreement.

(g) **ACKNOWLEDGMENTS**.

You acknowledge and agree that:

(i) you have read this Agreement and our Franchise Disclosure Document;

(ii) you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each ORANGE THEORY® Facility and to protect and preserve the goodwill of the Marks;

(iii) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by an ORANGE THEORY® Facility may evolve and change over time;

(iv) an investment in an ORANGE THEORY® Facility involves business risks;

(v) your business abilities and efforts are vital to the success of the venture;

(vi) any information you acquire from other ORANGE THEORY® Facility franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;

(vii) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity. All business dealings between you and such persons as a result of this Agreement are solely between you and us; and

(viii) we have advised you to have this Agreement reviewed and explained to you by an attorney.

(h) **REPRESENTATIONS**.

You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of the franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved your request to purchase a franchise in reliance on all of your representations.

(i) **NO WARRANTIES**.

We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the network of ORANGE THEORY® Facilities. You acknowledge and understand the following:

(i) any statement regarding the potential or probable revenues, sales or profits of the business venture are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;

(ii) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing ORANGE THEORY® Facility owned by us or our Affiliates or that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable and should be reported to us immediately; and

(iii) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary

to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you must: (A) immediately notify our chief executive officer; and (B) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.

(j) **BUSINESS ENTITY**.

If you are at any time a business organization ("**Business Entity**") (like a corporation, limited liability company or partnership) you agree and represent that:

(i) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(ii) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(iii) the Statement of Ownership Interests will completely and accurately describe all of your owners and their interests in you. A copy of our current form of Statement of Ownership Interests is attached as an exhibit to our Franchise Disclosure Document;

(iv) you and your owners agree to revise the Statement of Ownership Interests as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval);

(v) each of your Owners will sign and deliver to us our standard form of Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Owner's Guaranty is attached as an exhibit to our Franchise Disclosure Document; and

(vi) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

2. GRANT OF SUCCESSOR FRANCHISE

(a) **YOUR RIGHT TO ACQUIRE SUCCESSOR FRANCHISES**.

Upon the expiration of the Term, if:

(i) you (and each of your Owners) are then in full compliance with this Agreement and all other agreements between you and us or our Affiliates and have been in substantial compliance with this Agreement and all other agreements between you and us or our Affiliates throughout the Term;

(ii) you pay us a Successor Franchise fee equal to 25% of the standard initial franchise fee that we then are charging to new ORANGE THEORY® franchisees;

(iii) you (or your Owners) and your lead trainer satisfactorily complete such new and refresher programs as we may reasonably require;

(iv) you agree to our redefinition of the Territory, which will apply during the term of the Successor Franchise;

(v) you have completed and sent us the forms and other information we then require and demonstrate to our satisfaction that you meet our then-current financial and operational criteria for new ORANGE THEORY® Facility franchisees; and

(vi) you either (i) maintain possession of and agree to remodel the Facility, add or replace improvements, equipment, fixtures, furnishings, and signs, and otherwise modify the Facility as we require to bring it into compliance with specifications and standards then applicable for new ORANGE THEORY® Facilities; or (ii) if you are unable to maintain possession of the Site, or if, in our reasonable judgment based on changed market and economic conditions then in effect in your local market, the Facility should be relocated, you: (x) secure a substitute Site we approve; (y) develop the substitute Site in compliance with specifications and standards then applicable for new Facilities; and (z) continue to operate the Facility at the original Site as is reasonable until operations are transferred to the substitute Site,

then, subject to the terms and conditions set forth in Subsections 2(b) and 2(c) below, you will have the right to acquire a Successor Franchise to operate the Facility at the Site or such substitute Site for 1 additional consecutive term of 10 years. Notwithstanding our right in subparagraph (vi) above to require you to relocate the Facility, we will not require you to relocate the Facility in connection with your acquisition of a Successor Franchise until the then-current term of the lease or sublease for your Facility expires (in the case where this Agreement expires before your then-current lease term expires). However, you must comply with your obligations in subparagraph (vi) above and, if appropriate, commence preparation to relocate the Facility to a new location before the then-current term of your lease or sublease expires in order to minimize as reasonably as practicable the time period during which you do not have an ORANGE THEORY® Facility open for business.

(b) **GRANT OF A SUCCESSOR FRANCHISE**.

You must give us written notice of your election to acquire a Successor Franchise at least 6 months prior to the expiration of the Term. We may require you to provide certain financial information relating to you, your Owners and the Facility's operation, and pay us the Successor Franchise fee, along with your notice. If you fail to give us your notice by the required deadline (together with the Successor Franchise fee), we will interpret that to be your election not to acquire a Successor Franchise, and we will take action in reliance on that election. Within 90 days after our receipt of your notice (together with the Successor Franchise fee), we will give you written notice: (a) of our determination whether or not we will grant you a Successor Franchise (and, if applicable, stating the reasons for a refusal to grant you a Successor Franchise); (b) advising you of any deficiencies which must be corrected by you before we will grant you a Successor Franchise, stating what actions you must take to correct the deficiencies and specifying the time period in which such deficiencies must be corrected; and/or (c) advising you of any changes which we propose to make to your Facility's Territory during the term of the Successor Franchise, as set forth in Subsection 2(c) below.

(c) **AGREEMENTS / RELEASES**.

To obtain a Successor Franchise, you and your Owners must execute and return to us the form of Franchise Agreement and ancillary agreements we are then using in connection with the grant of

Successor Franchises for ORANGE THEORY® Facilities, which may differ materially from this Agreement (including, without limitation, Territory definition, territorial rights and fees); provided, however, that we will not charge you an initial franchise fee and you will have no further renewal or extension rights. As a further condition to the grant of a Successor Franchise, you and your Owners must also execute and deliver to us, to the extent permitted by applicable law, general releases, in a form prescribed by us, of any and all claims against us and our Affiliates, and our and their respective owners, officers, directors, employees, agents, successors and assigns. Failure by you and your Owners to sign and deliver to us such agreements and releases within 30 days after delivery thereof to you will be deemed an election by you not to obtain a Successor Franchise.

(d) **SUBSEQUENT SUCCESSOR FRANCHISES**.

The fees and other conditions for any later granting of subsequent successor franchises will be governed by the successor franchise agreement (as described above).

3. YOUR OBLIGATIONS TO DEVELOP THE FACILITY

You have the following obligations with respect to locating the Site and developing and opening your Facility (collectively, "**Development Obligations**"):

(a) **SITE SELECTION AND DEADLINE FOR OBTAINING SITE APPROVAL**.

If you have not yet located an approved Site as of the Effective Date, then promptly after the Effective Date, you must deliver to us for our review and approval a complete site report and other materials and information we request for a suitable site within the Site Selection Area. Your proposed Site, which must meet our then-current site selection criteria for ORANGE THEORY® Facilities, must be available for lease or purchase in time for you to develop and open the Facility at that Site on or before the Mandatory Opening Date. You will have the exclusive right to locate a site for an ORANGE THEORY® Facility within the Site Selection Area before we designate the Territory pursuant to Subsection 3(b) below (unless we terminate this Agreement before then), but we may engage in any other activities we desire within and outside the Site Selection Area during this period (including the activities described in Subsection 1(e)).

Subject to your obligation to develop and open the Facility on or before the Mandatory Opening Date, you must obtain our written approval of a proposed Site within 4 months after the Effective Date. We will not unreasonably withhold our approval of a site that meets our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics. In determining whether to approve or disapprove a proposed Site, we also may consider the Site's proximity both to the Site Selection Area's boundaries and to other existing or potential sites for ORANGE THEORY® Facilities located outside the Site Selection Area. We will use our reasonable efforts to review and approve, or disapprove, a site you propose within 15 days after receiving the complete site report and other materials we request. Together with our approval of a site, we will notify you of what the Territory's definition will be if you sign a lease or sublease for that site pursuant to Subsection 3(b). The Territory will be smaller than the Site Selection Area, and there is no fixed radius or standard size for the Territory. The actual boundaries of the Territory will depend on many factors, including, without limitation, natural boundaries, the character of the Site and nearby businesses and residences, and the Territory's demographics. The Site Selection Area is designated for the sole purpose of site selection and does not confer any territorial exclusivity or protection

We will furnish to you site selection guidelines, site selection counseling and assistance, and such on-site evaluation(s) as we consider necessary and appropriate as part of our evaluation of your request for acceptance of the proposed Site. We will spend the time and effort and incur the expense reasonably required to consider sites you propose. If we determine that on-site evaluation is necessary (on our own initiative or at your request), we will provide such on-site evaluation at our expense, unless we determine that such on-site evaluations (at the same or any other location) are or become excessive, in which case we may require you to reimburse us for all reasonable costs and expenses incurred by us in relation to each such evaluation, including, without limitation, the cost of travel, lodging and meals for our employees and agents. We will not provide on-site evaluation for any proposed site prior to our receipt of all information and materials required by this Section.

At your reasonable request, we may, in our sole discretion and subject to the availability of our personnel, furnish you with additional site selection and/or development guidance and assistance which is beyond the nature and scope of the services we are then providing to new ORANGE THEORY® Franchisees as part of the Franchise Fee. If we, in our sole discretion, elect to provide such additional services, you and we will agree upon and document the nature and scope of this additional assistance. We may charge you a reasonable fee for such additional services, including, but not limited to, *per diem* charges for travel and living expenses for our personnel.

You acknowledge that if we recommend or give you information regarding the Site, it is not a representation or warranty of any kind, express or implied, of the Site's suitability for an ORANGE THEORY® Facility. Our recommendation or approval indicates only that we believe the Site meets our then acceptable criteria. However, demographic and/or other factors included in or excluded from our criteria could change, altering the Site's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the Site we recommend or approve fails to meet your expectations. Your acceptance of the Franchise is based on your own independent investigation of, or agreement in the future to investigate, the Site's suitability.

(b) **LEASE APPROVAL AND DESIGNATING THE TERRITORY**.

You must present to us for our approval, which we will not unreasonably withhold, any lease or sublease (and any renewals and amendments of the lease or sublease) that will govern your occupancy and lawful possession of the Site at least 30 days before you intend to sign it. The lease or sublease will either (i) include the lease addendum attached as an exhibit to our Franchise Disclosure Document and made a part hereof, or (ii) provide in the body of the lease or sublease the terms and conditions found in the lease addendum. You may not sign any such lease or sublease (or any renewal or amendment of the lease or sublease) that we have not approved. We may (but have no obligation to) provide you guidance or assistance relating to the lease or sublease and its negotiation. If we have not disapproved of the lease or sublease in writing within 10 Business Days after we receive a complete copy of the lease or sublease, then the lease or sublease will be deemed disapproved. You acknowledge that our guidance and assistance (if we choose to provide it) and approval of the lease or sublease (or renewal or amendment) are not a guarantee or warranty, express or implied, of the success or profitability of an ORANGE THEORY® Facility to be operated at the Site or of the suitability of the lease or sublease for your business purposes.

Subject to your obligation to develop and open the Facility on or before the Mandatory Opening Date, you must sign a lease or sublease we approve for the Site within 180 days after the Effective Date. After you sign a lease or sublease, we will insert the Site's address and the Territory's description (as previously disclosed to you with our approval of the Site) on an Amended and Restated Exhibit A. Once we deliver that Amended and Restated Exhibit A, you will have no further territorial or other rights in those portions of the Site Selection Area that are outside the Territory.

(c) **DEVELOPMENT OF FACILITY**.

Notwithstanding any other deadline with respect to obtaining our approval of the Site or signing an approved lease or sublease, on or before the Mandatory Opening Date, you must (i) secure all financing required to develop and operate the Facility; (ii) obtain all permits and licenses required to construct and operate the Facility; (iii) construct all required improvements to the Site and decorate the Facility in compliance with our approved plans and specifications; (iv) purchase or lease and install all required equipment (including, without limitation, components of the Computer System), fixtures, furnishings, and signs for the Facility according to the requirements in Subsections 6(f) and 6(k); (v) purchase an opening inventory of required, authorized, and approved products, materials, and supplies; and (vi) open your Facility in accordance with all the requirements of this Agreement. It is your responsibility to prepare all required construction plans and specifications for the Facility and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "**ADA**") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. We may require you to use architects and contractors designated or approved by us. We may require you to send us construction plans and specifications for review and approval before you begin construction of the Facility, and we may inspect the Site while you are developing the Facility. Any review of your construction plans and specifications will be limited to ensuring your compliance with our design requirements. We will not assess compliance with federal, state or local laws and regulations. Compliance with these laws is your responsibility.

(d) **PRESALE OF MEMBERSHIPS**.

No memberships may be sold prior to opening the Facility to the general public unless (i) we have authorized you in writing to sell memberships to the public; (ii) you (or your managing owner) and the Facility's proposed lead trainer have completed to our satisfaction the pre-opening training described in Section 4; and (iii) you have secured all financing and permits necessary to develop, build and fully equip the Facility. At least 30 days before the first date on which you intend to begin offering memberships for the Facility, you must sign and deliver to us a request for presale in the form we specify in which, among other things, you certify that you have obtained all necessary bonds and otherwise have complied, and will comply, with all applicable laws relating to your presale of memberships. If you fail to do so, in addition to our other rights and remedies, you will not be authorized to begin offering or selling memberships for the Facility.

You alone are responsible for ensuring that your membership agreements and presale of memberships comply with all applicable laws and other legal requirements, including, without limitation, laws pertaining to bonding and escrow requirements. You will be liable to the applicable legal authorities if you fail to do so (and also will be liable to us if we are brought into the matter because of your failure).

(e) **OPENING**.

On or before the Mandatory Opening Date, you must open the Facility for business utilizing the Systems; provided, however, you may not open the Facility for business until:

(i) We have inspected and approved the Facility as having been developed in accordance with our specifications and standards. As an alternative, or in addition, to our physical inspection of the Facility, we may require you to send us video tapes and/or photographs of the Facility. You must give us at least 30 days' prior written notice of the Facility's planned opening date and also must notify us in writing when the Facility is ready for inspection.

If we do not inspect the Facility within 10 Business Days after your delivery of notice that the Facility is ready for inspection, or if we do not deliver written comments to you within 5 Business Days after our inspection, then the Facility is deemed approved for opening. Our inspection and approval are limited to ensuring your compliance with our standards and specifications, although our approval is not a representation that the Facility complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Our inspection and approval are not designed to assess compliance with federal, state or local laws or regulations, including the ADA, as compliance with such laws is your responsibility. We will not unreasonably withhold our approval of the Facility;

(ii) You (or your managing owner) and the Facility's lead trainer have completed the pre-opening training described in Section 4 to our satisfaction;

(iii) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Facility, including, without limitation, by ensuring that your planned membership offerings following the Facility's opening and your forms of membership agreement comply with applicable law;

(iv) All amounts due to us have been paid;

(v) We have received satisfactory evidence that you maintain the insurance required by this Agreement; and

(vi) You have signed and delivered to us a request for opening, in the form we specify, under which, among other things, you certify that all of the requirements in Subsections (i) through (v) above have been satisfied.

You must notify us in writing of the Facility's Actual Opening Date at least 5 days before the Actual Opening Date. If you fail to do so, or if you fail to send us a completed request for opening form before you open the Facility, then, in addition to our other rights and remedies, you will not be authorized to open or begin operating the Facility.

(f) **GRAND OPENING PROGRAM**.

You agree to conduct a grand opening advertising and promotional program for the Facility and to expend no less than $5,000 for such purpose. The grand opening must be conducted during the period that is 45 days before and 30 days following the opening of your Facility to the public. Such advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved.

(g) **ORANGE THEORY® BRANDED PRODUCTS**.

Prior to opening your Facility and during the Term, you must purchase ORANGE THEORY® Branded Products and prominently display them and offer them for sale at your Facility and in the manner we designate from time to time. You agree to buy ORANGE THEORY® Branded Products (subject to Subsection 6(f)) only from suppliers that we designate or approve (which may include or even be limited to us, our Affiliates, or our or their licensees). You must reorder and stock such ORANGE THEORY® Branded Products as may be necessary to meet reasonably expected consumer demand at the Facility throughout the Term. Neither you nor we will have any obligation to the other on account of the temporary unavailability of any ORANGE THEORY® Branded Products, whether from us, Affiliates, or authorized licensees.

4. TRAINING AND GUIDANCE

(a) **Initial Training**.

We will furnish without additional charge, at our corporate headquarters and/or a designated training facility, a management training program on the operation of a Facility for up to 5 people from your Facility. Before you sell any memberships (including, without limitation, through presale), advertise, or open the Facility to the public, you (or your managing owner), the Facility's designated manager and lead trainer, and up to 2 sales associates must complete our initial training program to our satisfaction. We will also provide training for up to 4 personal trainers at your Facility or a designated Facility for a period of 3 to 5 days. The fitness trainers must complete training to our satisfaction in order to participate as a group personal fitness trainer at your Facility. Other people from your Facility may attend our training program after the Facility opens for business. You will be responsible for the compensation, travel and living expenses of you and your employees during training, and each employer, owner or . If you request training for more than 5 people (or more than 4 personal trainers), you must pay us our then-current fee, in advance, for each additional person. Our current training fee is $1,000 per person for each session.

(b) **Lead Trainer**.

You must replace any lead trainer who does not satisfactorily complete a training program, and all new lead trainers must satisfactorily complete a training program before they begin their employment duties. These training programs will be conducted by us at our designated training facility. You must pay our then-current fee for any additional training that we provide. In addition, at least once every year during the Term, you must send the Facility's lead trainer to complete our then-current lead trainer training program. We will not charge tuition for that program, but you must pay your lead trainer's wages, travel and living expenses.

(c) **Employee Training**.

You must implement a training program for all your employees using training standards and procedures we prescribe and staff the Facility at all times with a sufficient number of trained employees, including at least 1 general manager who has satisfactorily completed our management training program.

(d) **Manuals and System Standards**.

We will provide you access during the Term to 1 set of our manuals and forms, consisting of such materials that we generally furnish from time to time for use in operating ORANGE THEORY® Facilities (collectively, "**Manuals**"). The Manuals, bulletins, and other written and electronic materials provided to you from time to time contain System Standards and information relating to your other obligations under this Agreement. The Manuals may be modified from time to time to reflect changes in System Standards, and we will communicate any required changes to you. Our master copy controls. You agree to keep your copy of the Manuals current and in a secure location at the Facility. We are the sole owner of the copyright in and all other rights to the Manuals, and you may not reproduce or use them for any purpose other than in connection with your performance under this Agreement.

At our option, we may post the Manuals and certain other bulletins and other written materials containing System Standards on a restricted website to which you will have access. If we do so, you must periodically monitor the website for any updates to the Manuals or System Standards. You must keep confidential any passwords and other digital identifications necessary to access the Manuals on such a website.

(e) **Supplemental Training and Conventions**.

During the Term, we periodically may require you (or your managing owner), your lead trainer and/or the Facility's general manager to attend and complete to our satisfaction any supplemental or refresher training programs on operating Facilities that we choose to provide. If you own at least 1 other Facility operating under the Marks, then you (or your managing owner) and a designated manager and lead trainer from one of your Facilities may attend such training programs on behalf of all of your Facilities, although you will be responsible for training all of your managers and other employees at all of your Facilities on the subjects taught at the supplemental or refresher training programs to ensure that all such Facilities are operated in accordance with System Standards. We may charge reasonable fees for these programs, and you will be responsible for your and your employees' wages and travel and living expenses. We may require you (or your managing owner), the general manager of the Facility and the Facility's lead trainer to attend an annual ORANGE THEORY® convention. You will be responsible for the registration fees and travel and living expenses for such convention.

(f) **DELEGATION**.

We have the right, from time to time, to delegate the performance of any portion or all of our obligations under this Agreement to designees, whether they are our Affiliates, agents or independent contractors with which we contract to provide such services.

5. FEES

(a) **FRANCHISE FEE.**

You must pay us an initial franchise fee in the amount of $__________ (the "**Franchise Fee**") in a lump sum upon execution of this Agreement. This Franchise Fee is due, and fully earned by us, when you sign this Agreement. The Franchise Fee is not refundable; however, if this Agreement relates to your (or your Affiliate's) first ORANGE THEORY® Facility franchise, we will refund 50% of the Franchise Fee paid to us if we terminate this Agreement for your (or your managing owner's) failure to satisfactorily complete the initial training program, provided you (and your Owners) sign a general release, in form satisfactory to us, of any and all claims against us, our Affiliates and our and their respective shareholders, officers, directors, employees and agents.

(b) **ROYALTY FEE.**

Beginning on the Effective Date and continuing throughout the remainder of the Term, you agree to pay us a royalty fee (the "**Royalty**") equal to 6% of your Facility's Gross Sales during each week. On Tuesday of each calendar week (the "**Report Day**"), you must report the amount of your Gross Sales for the preceding calendar week. You must pay us the Royalty so that we receive it on or before Tuesday of each calendar week for the immediately preceding calendar week (or such other time and manner as we designate in the Manuals from time to time).

(c) **AUTOMATIC DEBIT.**

You must sign and deliver to us the documents we periodically require to authorize us to debit your checking account automatically for the Royalty, Marketing Contributions (defined in Subsection 7(a)) and other amounts due under this Agreement or any related agreement between us (or our Affiliates) and you. Under our current automatic debit program for the Facility, we will debit your checking account on the Report Day for the Royalty, Marketing Contributions and certain other amounts due. You agree to make the funds available for withdrawal by electronic transfer before each due date. If you fail to report

the Facility's Gross Sales, we may debit your account for 150% of the last Royalty fee that we debited. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the Facility's actual Gross Sales), we will debit your account for the balance, plus the amounts due under Subsections 5(d) and 5(e), on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess (without interest) against the amounts we otherwise would debit from your account during the following week. We may periodically change the mechanism for your payments of Royalties, Marketing Contributions and other amounts you owe to us and our Affiliates under this Agreement (including the timing and manner of payment).

(d) **INTEREST ON DELINQUENT PAYMENTS.**

In addition to all other remedies we have, including, without limitation, the right to terminate this Agreement pursuant to Section 16, if you fail to pay (or make available for withdrawal from your account) any amounts you owe us or our Affiliates, including, without limitation, amounts for Royalties and/or Marketing Contributions, whether such amounts are reflected as due on any report you submit to us or are subsequently determined by verification, examination or audit to have been due, those amounts will bear interest at the rate of 18% per annum or the highest rate permitted by applicable state law, whichever is less, calculated from the date such payment was due until it is received by us.

(e) **LATE FEES.**

We will assess a late fee of $30.00 for each week (or portion thereof) that any payment is delinquent or report or item is not timely received. In addition, all overdue amounts will bear interest in accordance with Subsection 5(d) above. Late fees and interest charges are nonrefundable. The provision in this Agreement concerning late fees does not mean that we accept or condone late payments, nor does it indicate that we are willing to extend credit to, or otherwise finance, the operation of your Franchise. These late fees are intended to reimburse us for our expenses and to compensate us for our inconvenience and do not constitute interest. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

(f) **APPLICATION OF PAYMENTS.**

Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us. You acknowledge and agree that we have the right to set off any amounts you or your Owners owe us against any amounts we might owe you or your Owners.

(g) **PAYMENT OFFSETS.**

We may setoff from any amounts that we may owe you any amount that you owe to us or our Affiliates, including, without limitation, Royalties, Marketing Contributions, late payment penalties and late payment interest, amounts owed to us or our Affiliates for the purchase of goods or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our Affiliates from time to time. In particular, we may retain (or direct to our Affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us or our Affiliates at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

(h) **DISCONTINUANCE OF SERVICE.**

If you do not timely pay us amounts due under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement.

6. OPERATION OF THE FACILITY AND SYSTEM STANDARDS

(a) **COMPLIANCE WITH SYSTEM STANDARDS AND APPLICABLE LAWS.**

You alone are responsible for operating the Facility in full compliance with all applicable laws, ordinances and regulations (including, without limitation, bonding and licensing requirements) and agree to comply with all System Standards, as modified from time to time. All references in this Agreement to System Standards will include any modifications, deletions and/or additions to the System Standards which are authorized by this Agreement. Without limiting the foregoing, you will not offer, sell, or provide at or from the Facility products or services not authorized in the Manuals.

Except as otherwise provided in this Agreement, System Standards may regulate any aspect of the operation and maintenance of ORANGE THEORY® Facilities, provided that all System Standards will apply uniformly to all similarly situated ORANGE THEORY® Facilities (including, without limitation, all ORANGE THEORY® Facilities that are operated by us or our Affiliate). Without limiting the generality of the foregoing, but subject to the restrictions in this Agreement, System Standards may regulate any one or more of the following:

(i) the design, layout, décor, appearance and lighting of the Facility, including, but not limited to, the Facility's branding and cleanliness;

(ii) periodic maintenance, cleaning and sanitation; periodic remodeling; and replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs;

(iii) types, models and brands and/or minimum and required standards and specifications for products, equipment, materials, and supplies and services that ORANGE THEORY® Facilities use and/or sell;

(iv) designated and/or approved suppliers (which may include us and/or our Affiliates) of fixtures, furnishings, equipment, signs, software, products, materials and supplies;

(v) terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, affiliated suppliers or others;

(vi) staffing levels for the Facility and matters relating to managing the Facility; communication to us of the identities of the Facility's personnel; and qualifications and training of all employees;

(vii) dress, appearance and uniforms for the employees of ORANGE THEORY® Facilities, and standards for providing competent and courteous service to all of the members of ORANGE THEORY® Facilities (although you have the sole responsibility and authority for the terms and conditions of employment of your employees);

(viii) use and display of the Marks, usage of the Facility and required internal and external signage and postings;

(ix) days and hours of operation of the ORANGE THEORY® Facility;

(x) sales, marketing, advertising and promotional programs and materials and media used in such programs;

(xi) participating in market research, product testing and service development programs;

(xii) acceptance of credit cards, gift certificates, coupons, other payment systems and check verification services;

(xiii) exercise and other classes and any services you are authorized to offer at the Facility;

(xiv) types, amounts, terms and conditions of insurance coverage required to be carried for the Facility and standards for underwriters of policies providing required insurance coverage; and

(xv) the Initial Transfer Package, Transfer Package Material and other forms and procedures which you must use to submit any proposed Transfer to us under Section 10 for our approval.

(b) **MODIFICATION OF SYSTEM STANDARDS.**

We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the ORANGE THEORY® Facility ("**Capital Modifications**") and/or incur higher operating costs; provided, however, that such modifications will not: (i) occur within 12 months of the Effective Date of this Agreement; or (ii) alter your fundamental rights under this Agreement. The types of capital improvements covered may include (at our discretion), without limitation, those needed to modernize the premises of the ORANGE THEORY® Facility, and other changes to the equipment (including Computer System), signs, interior and exterior décor items, fixtures, furnishings, supplies, and other products and materials required for new ORANGE THEORY® Facilities. We agree to give you 30 days to comply with Capital Modifications we require; provided that, if a Capital Modification requires an expenditure of more than $5,000, we agree to give you 60 days from the date such request is made to comply with such Capital Modification. You are obligated to comply with all modifications to System Standards within the time period we specify. We will not require you to spend more than $10,000 per year during the initial Term of this Agreement in connection with Capital Modifications. Capital Modifications are in addition to costs you incur to repair, replace or refurbish obsolete or worn-out equipment, including fitness equipment, and fixtures. Capital Modifications do not include any expenditures you must make, or choose to make, in order to comply with applicable laws, governmental rules or orders (e.g., ADA compliance).

(c) **FACILITY MANAGEMENT, CORE BUSINESS OPERATIONS AND ANCILLARY BUSINESS OPERATIONS.**

The Facility must be managed by a person who devotes his or her full working time and best efforts to the day-to-day, on-premises operation of the Facility, has satisfactorily completed our

management training program or a comparable training program at your Facility that we have approved, and is not engaged in any other business endeavor except passive investments which do not interfere with the performance of his or her duties as manager. You must ensure that your managers agree to comply with the restrictions in Sections 13, 14 and 17 below.

In this Agreement, "**Ancillary Business Operations**" means business activities that we periodically specify as being ancillary and optional to the main business of the Facility and which traditionally may be undertaken by independent contractors (rather than a Facility employee), such as tanning services, massage services, chiropractic services and physical therapy services. We may specify in the Manuals and periodically modify those business activities that will be Ancillary Business Operations. "**Core Business Operations**" means all business activities of or associated with the Facility which are not Ancillary Business Operations, including, without limitation, the Facility's front desk and membership operations, all cardio and weight training functions, personal training services, group exercise, towel/locker and other services we designate from time to time. Your Facility must offer or perform (as applicable) all Core Business Operations, as we periodically modify them.

You and your employees must perform all Core Business Operations at the Facility, and you may not contract with or allow any third party, including any licensee, lessee, consultant or other independent contractor (a "**Contractor**"), to perform any Core Business Operations. You must periodically at our request provide us information concerning your Facility's Core Business Operations, Ancillary Business Operations, and relationships with Contractors.

At your option, but subject to our prior written approval and your compliance with all terms and conditions of this Agreement, you may (i) allow one or more Contractors to perform any or all of the Ancillary Business Operations, provided that they may not use the Marks when doing so and that you enter into an arm's-length commercial relationship with each Contractor; or (ii) perform any or all Ancillary Business Operations yourself (through your employees), either under the Marks or under any trademark, service mark or trade name other than the Marks (an "**Other Mark**") that you own or license from a third party (an "**Ancillary Trademark Licensor**"). You acknowledge that, as a condition to obtaining our approval:

(i) you must first submit to us all agreements and other documents evidencing the relationship between you and each Contractor or Ancillary Trademark Licensor with respect to any Ancillary Business Operations and promptly notify us of any changes in the terms of your relationship with any Contractor or Ancillary Trademark Licensor;

(ii) you and each Contractor or Ancillary Trademark Licensor must sign the agreements and documents that we periodically specify to protect our rights in the Systems, Confidential Information and Marks;

(iii) if a Contractor performs the Ancillary Business Operations, you and the Contractor must have an arm's-length commercial relationship with economic and other terms that are standard in the industry for similar relationships involving unrelated parties; and

(iv) if a Contractor performs the Ancillary Business Operations or you perform the Ancillary Business Operations under Other Marks, such Ancillary Business Operations must not use or display the Marks in any manner, must be clearly distinguishable from the remainder of the Facility in the manner we periodically specify, and must be clearly identified in the manner we periodically specify as an independently owned and operated business separate from the Facility.

(d) **<u>MEMBERSHIP AGREEMENTS AND MEMBER INFORMATION</u>.**

You must ensure that every membership agreement you use complies with all System Standards and all applicable laws, rules, and regulations of any governmental authority with jurisdiction over the Facility. You must send us (a) copies of all membership agreements you intend to use at least 30 days before you begin offering memberships; and (b) copies of any revised membership agreements within 10 days after you make any revisions.

We and you acknowledge that we and our Affiliates may, through the Computer System or otherwise, have access to lists of the Facility's members and/or prospects, including names, addresses and other related information ("**Member Information**"). We and our Affiliates may use Member Information in our and their business activities, but during the Term we and our Affiliates will not use the Member Information that we or they learn from you or from accessing the Computer System to compete directly with the Facility. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate.

(e) **<u>NOTICES</u>.**

(i) <u>Notices to Public</u>. You will prominently display in the Facility all statements that we prescribe from time to time identifying you as the independent owner of the Facility and our authorized franchisee. All membership agreements, checks, invoices, stationery and advertising materials which you use in operating your Facility will also have a statement in the form we periodically prescribe identifying you as the independent owner of the Facility and indicating that you are our authorized franchisee.

(ii) <u>Notices to Employees</u>. You must prominently post signs at the Facility (including in the area in which all official employment-related notices are posted) and at your offices informing your employees and independent contractors that their relationship is solely with you and that they are not an employee of us or any of our Affiliates. You are solely liable for any employment-related issues. Similar language must be included in all of your employment contracts, offer letters and employee handbooks. We may promulgate and periodically modify the language and specifications for such required postings and notices.

(f) **<u>SOURCES OF PRODUCTS AND SERVICES</u>.**

You must purchase only from suppliers that we designate or approve (which may include us, our Affiliates and/or other restricted sources). If you want to propose a new supplier, you must submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular items. If we have not responded within 30 days of our receipt of the information, then the application will be deemed rejected by us. We may consider in providing such approval not just the quality standards of the products or services, but the supplier's delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any products or services, or any supplier of such items, that does not meet our standards by giving you written notice. If we do so, you must immediately stop purchasing from such supplier or using such products or services in your Facility unless we notify you that such supplier or such products or services meet our quality standards. At our request, you must submit to us sufficient information about a proposed supplier and samples of the proposed products or services for our examination so that we can determine whether they meet our quality standards. We also must have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense. We may charge a fee for evaluating alternative suppliers not to exceed the reasonable cost of the inspection plus the actual cost of laboratory fees, professional fees and travel and

living expenses as well as any other fees we pay to third parties in furtherance of the evaluation. You acknowledge and agree that, if we establish one or more strategic alliances or preferred vendor programs with nationally or regionally known entities who are willing to supply all or some ORANGE THEORY® Facilities with products or services we designate, then we may limit the number of approved suppliers with whom you may deal. We have the right to receive payments from suppliers on account of their sales to you and other licensees and franchisees and to use all such amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate.

(g) **AUDIO AND VISUAL ENTERTAINMENT.**

You acknowledge and agree that the provision of audio and visual entertainment to members of your Facility is or may become an integral part of the System. Accordingly, you agree to play only the types of music and display only the types of visual entertainment, at the decibel levels and using such equipment and in the manners that we may periodically prescribe or approve. You must acquire or install any audio or visual equipment that we designate or require for use by your Facility and subscribe to music and video services as we may periodically specify to enable you to broadcast videos, music, and other content as specified by us from time to time. We may prohibit you from displaying, exhibiting, broadcasting or providing any media we choose, regardless of content, including prohibiting use of political, religious or social content in such media.

(h) **CUSTOMER SURVEYS.**

We may periodically coordinate or conduct market research studies and similar programs for the ORANGE THEORY® Facility network, and you must assist us in collecting information (including, without limitation, by distributing surveys to your Facility's members and encouraging members to complete surveys on our System Website (defined in Subsection 7(g))).

(i) **OPERATING PLATFORM.**

From and after the Effective Date, you must participate in, use, support and comply with all elements of the Operating Platform, as we periodically modify them in accordance with this Subsection 6(i). The "**Operating Platform**" means those aspects of a Facility's management and operations that involve or directly impact the services that the Facility provides to its members. The Operating Platform may include, without limitation, the following programs and requirements:

(i) a computer-based program for training Facility staff, including all standards, requirements and procedures for training and the computer, hardware, software, accessories and other equipment used in such program;

(ii) a program used to evaluate prospective Facility personnel and their qualifications for their position at the Facility, including all equipment, processes and systems used in such program; provided that, despite your obligation to use such program, you will make your own decisions with respect to the data that the program provides and are solely responsible for all of your hiring decisions and your employees' terms and conditions of employment;

(iii) an evaluation and customer relations program used to evaluate the quality of the experience that members have at ORANGE THEORY® Facilities, including all equipment, processes and systems used in such program;

(iv) a global reciprocity program for members of ORANGE THEORY® Facilities, including all standards, procedures and requirements for such program;

(v) the membership rules and procedures of the International Health and Racquet Sports Association (IHRSA) or similar organization(s) that we periodically designate; and

(vi) all national or regional advertising and/or marketing programs that we designate from time to time.

You must pay all fees, costs and expenses associated with the Operating Platform and acquire all products, equipment, supplies and services that we periodically specify for the Operating Platform, and, at our direction (subject to Subsection 6(f)), acquire them only from suppliers that we designate or approve (which might include us or our Affiliates).

We may periodically modify the standards and requirements for the Operating Platform's other programs and elements, add new programs and elements (in addition to the programs and elements described in Subsections (i) through (vi) above) to the Operating Platform, and delete programs and elements from the Operating Platform. However, except as set forth in Subsection 6(a), nothing in this Subsection 6(i) limits our rights or your obligations under any other provision of this Agreement.

(j) **FITNESS BENEFIT/CORPORATE WELLNESS PROGRAMS.**

We have the right, but not the obligation, from time to time to establish programs in which some or all ORANGE THEORY® Facilities will provide products and services to certain groups of members and prospective members ("**Fitness Benefit/Corporate Wellness Programs**"). We may periodically eliminate and modify existing Fitness Benefit/Corporate Wellness Programs and implement (and, once implemented, eliminate and modify) new Fitness Benefit/Corporate Wellness Programs.

During the Term, you agree to participate fully in any Fitness Benefit/Corporate Wellness Program that we designate from time to time. You must provide products and services to all valid members of the Fitness Benefit/Corporate Wellness Program according to the terms of any plan that we establish. Fitness Benefit/Corporate Wellness Programs may require uniform billing terms, central billing by us, and various other practices and formats for you to follow. You may not alter your standard membership terms for, or withhold access to any Facility services from, any one or more Fitness Benefit/Corporate Wellness Program participants or otherwise treat any Fitness Benefit/Corporate Wellness Program participant differently from your Facility's other members, except as we specify or approve.

In addition, you agree to participate in and fully support any national or regional advertising and/or marketing programs which we develop to support any Fitness Benefit/Corporate Wellness Program, including, without limitation, those funded by the Marketing Fund.

We have the right to receive payments from groups representing any Fitness Benefit/Corporate Wellness Program, because of our establishing the program or otherwise because of their dealings with you, and to use all such amounts we receive without restriction for any purposes we deem appropriate.

(k) **COMPUTER SYSTEM; SOFTWARE LICENSE.**

You must obtain your accounting services and any required hardware and software related to them. You must at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, membership and expense information. You must report Gross Sales and other business information to us using the format, reporting system and accounting system that we require from time to time. You must provide, at your expense, your own Internet service provider. You must use in developing and operating the Facility the computer equipment and operating and accounting software (the

“**Computer System**”) that we periodically specify. We may require you to obtain specified computer hardware and/or software and may modify specifications for and components of the Computer System from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the Term. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications) as long as the Computer System we specify for use is the same computer system that we or our Affiliates then use in ORANGE THEORY® Facilities that we or they own and operate. Within 30 days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our computer system so that we can review daily the results of your Facility’s operations. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our Affiliates furnish to you related to the Computer System.

We hereby grant to you a limited, non-exclusive, non-transferable license (except in connection with a transfer approved by us) to use any and all software which we may now or hereafter make available to you and which is owned by or licensed to us (the “**Software’**), solely in connection with the ORANGE THEORY® Facility. We may charge license and/or support fees for your use of such Software. You hereby acknowledge and agree that, as between us and you, we are the sole and exclusive owner of all right, title and interest in and to the Software, including, without limitation, any copyright, patent right and other intellectual property or proprietary right therein or thereto, and you will not make any claim to the contrary. All rights to the Software except those that are expressly granted to you hereunder are specifically reserved to us and our licensors, if any. You shall not copy, modify, create derivative works or otherwise use the Software for any purpose other than in connection with the operation of your ORANGE THEORY® Facility. Upon expiration or termination of this Agreement for whatever reason, all rights and licenses granted hereunder with respect to the Software will terminate, and you will return the Software and any and all copies thereof to us, at your expense, and certify to us that all such copies have been returned.

If the Software fails to perform substantially in accordance with any applicable specifications provided by us at any time during the term of this Agreement, you must so notify us and we will, as our sole obligation and your sole remedy hereunder, use commercially reasonable efforts to repair or replace the same. EXCEPT AS PROVIDED IN THE PRECEDING SENTENCE, WE MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE SOFTWARE, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY AS TO TITLE, NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR ANY INTENDED PURPOSE, AND WE HEREBY DISCLAIM THE SAME. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, WE MAKE NO WARRANTY THAT THE SOFTWARE WILL OPERATE UNINTERRUPTED OR ERROR FREE. In no event will we be liable for any incidental, consequential, punitive or special damages.

7. ADVERTISING, PROMOTION, AND MARKETING

(a) ESTABLISHMENT OF MARKETING FUND.

We may establish an advertising fund (the “**Marketing Fund**”) for such advertising, marketing and public relations programs and materials on a system-wide basis that we deem necessary or appropriate in our sole discretion. You agree to contribute to the Marketing Fund such amounts that we prescribe from time to time (the “**Marketing Contributions**”), not to exceed 1% of your Gross Sales, payable in the same manner as the Royalty. We reserve the right to defer or reduce contributions of an

ORANGE THEORY® Facility franchisee and, upon 30 days' prior written notice to you, to reduce or suspend contributions to and operations of the Marketing Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Marketing Fund. If the Marketing Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Marketing Fund during the preceding 12 calendar months. Our Affiliates will contribute to the Marketing Fund on the same basis as franchise owners for any ORANGE THEORY® Facilities they own and operate.

(b) **Use of the Funds**.

We direct all programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Marketing Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials; and supporting public relations, market research and other advertising, promotion and marketing activities. The Marketing Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

(c) **Accounting for the Fund**.

The Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as we may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. We may spend, on behalf of the Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all ORANGE THEORY® Facilities to the Marketing Fund in that year. The Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. If we lend money to the Marketing Fund, we may charge interest at an annual rate 1% greater than the rates we pay our lenders. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and furnish the statement to you upon written request. We have the right to cause the Marketing Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

(d) **Marketing Fund Limitations**.

You acknowledge that the Marketing Fund is intended to maximize recognition of the Marks and patronage of ORANGE THEORY® Facilities. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all ORANGE THEORY® Facilities, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by ORANGE THEORY® Facilities operating in that geographic area or that any ORANGE THEORY® Facility will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising.

Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Marketing Fund.

(e) **Local Advertising**.

You must spend the lesser of $2,000 or 5% of Gross Sales per month on advertising, promotions and public relations within the Territory, measured over each year during the term of this Agreement commencing with the Effective Date. Such expenditures will be made directly by you, subject to our prior approval and direction, using advertising and marketing materials prepared or pre-approved by us. Your local advertising and promotion must follow our guidelines. Upon request, you will submit to us an advertising expenditure report accurately reflecting all local advertising expenditures for the applicable period. If any report or inspection reveals that you failed to make the local advertising expenditures required by this Section, we may require that you contribute the amount of any deficiency to the Marketing Fund. Payment is due within 10 days of your receipt of our invoice. Your failure to comply with the local advertising requirement will be deemed a material breach of this Agreement.

(f) **Co-op Participation and Contributions**.

If an association of ORANGE THEORY® Facility franchise owners is established in a geographic area in which your Facility is located (the "**Co-op**"), you must join and actively participate in it. We (or our Area Representative) will determine the area and membership of the Co-op by media coverage or other criteria that we (or the Area Representative) establish, in our sole discretion. We (or our Area Representative) will determine whether a Co-op should be formed, changed, dissolved or merged for your market. You must contribute to the Co-op such amounts as are determined from time to time by it. We will not set the amount of those contributions and there is no limit. Your local advertising requirement will be reduced by the amount that you contribute to any Co-op, up to the amount of your local advertising requirement. The Co-op will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the Co-op must be approved by us. We reserve the right to require that the Co-op prepare annual financial statements. We also reserve the right to audit any accounts or funds collected by the Co-op. All advertising utilized by the Co-op must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the Co-op and its members. Your failure to timely contribute the amounts required by the Co-op constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your Co-op contributions and pay such contributions for you.

(g) **FRANCHISE SYSTEM WEBSITE.**

At our option, we or one or more of our designees may maintain one or more websites to advertise, market, and promote ORANGE THEORY® Facilities, the products and services that they offer and sell, and the ORANGE THEORY® Facility franchise opportunity (each a "**System Website**"). If we establish one or more System Websites, we will provide you with a webpage that references the Facility on one or more of the System Websites that we designate. You must give us the information and materials that we request from time to time to develop, update and modify such webpage. By providing the information and materials to us, you will be representing to us that they are accurate and not misleading and do not infringe upon any third party's rights. However, we will own all intellectual property and other rights in the System Website, your webpage, and all information they contain (including the domain name or URL for such webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

We will maintain the System Website, including your webpage, and may use the Marketing Fund's assets to develop, maintain and update the System Website. We periodically may update and

modify the System Website (including your webpage). You must notify us whenever any information on your webpage changes or is not accurate. We will update or add information that we approve to your webpage at reasonable intervals. You acknowledge that we have final approval rights over all information on the System Website (including your webpage). We may implement and periodically modify System Standards relating to the System Website.

We will maintain your webpage on the System Website only while you are in full compliance with this Agreement and all System Standards (including those relating to the System Website). If you are in default of any obligation under this Agreement or the System Standards, then we may, in addition to our other remedies, temporarily remove your webpage from the System Website until you fully cure the default. We will permanently remove your webpage from the System Website upon this Agreement's expiration or termination. We also may, at our option, discontinue any or all System Websites at any time.

You acknowledge and understand that the registration for the System Website domain name is and shall be maintained exclusively in our name or the name of our designee. You acknowledge our or our designee's exclusive right, title and interest in and to the domain name for the System Website. You further acknowledge that nothing herein will give you any right, title or interest in such domain name. You will not, at any time, challenge our or our designee's ownership of the System Website domain name, challenge the validity of the System Website domain name, or impair any right, title or interest of us or our designee in the System Website domain name. You will assist us in preserving and protecting our or our designee's rights in and to the System Website domain name.

You further acknowledge and agree that we may, at any time in our sole discretion, cease to make the Subpage available to you or the public. You agree that we will have no liability for failing to make the Subpage available to you or the public. ADDITIONALLY, TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES (WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND PERFORMANCE OF THE WEBSITE AND THE SUBPAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, WE SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF THE WEBSITE OR SUBPAGE. Upon the termination or expiration of this Agreement for any reason or your default under this Agreement for any reason, all of your right to upload content onto, or otherwise use, the Subpage will immediately cease and we may cease to make the Subpage available to you.

We also may maintain one or more social media sites (e.g., www.twitter.com, www.facebook.com or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate from time to time regional or territory-specific user names/handles that you must maintain. You will adhere to any social media policies that we establish from time to time and will require all of your employees to do so as well. You must ensure that none of your Owners, managers or employees use our Marks on the Internet or World Wide Web, except in strict compliance with these social media policies. Use of social media, including any pictures that may be posted on, using or through one or more social media sites, must be in compliance with the Manual and System Standards, including our then-current take-down policy.

All advertising, marketing and promotional materials that you develop for your Facility must contain notices of the System Website's domain name in the manner we designate. You may not develop, maintain or authorize any other website, other online presence or other electronic medium that mentions or describes you or the Facility or displays any of the Marks. You may not conduct commerce or directly or indirectly offer or sell any products or services using any website, another electronic means or medium, or otherwise over the Internet.

Nothing in this Section will limit our right to maintain websites other than the System Website or to offer and sell merchandise bearing the Marks from the System Website, another website or otherwise over the Internet without payment or obligation of any kind to you.

8. FRANCHISEE ADVISORY COUNCIL

(a) Our Right to Create Advisory Council.

We reserve the right to create at any time in the future, if or when we deem appropriate, in our sole discretion, a franchisee advisory council or such successor association as may be sanctioned by us to serve as an advisory council to us with respect to the advertising, marketing, operation, new product and service suggestions, and other matters relating to ORANGE THEORY® Facilities (the "**Advisory Council**"). If we establish an Advisory Council, we may seek the advice and counsel of the Advisory Council and its board of directors and committees. The Advisory Council's committees and their functions and membership will be subject to our written approval. Recognizing that the Advisory Council (if any) must function in a manner consistent with all ORANGE THEORY® Facilities, we may require the governing rules of the Advisory Council to be consistent with this Agreement.

(b) Your Membership in Licensee Advisory Council.

If we create an Advisory Council, then, upon its creation, as long as your Facility continues to operate in accordance with the terms and conditions of this Agreement, you will be eligible for nomination to be a member with full voting rights and privileges in the Advisory Council. We reserve the right to approve the rules and bylaws of such Advisory Council.

9. EVALUATIONS, AUDITS AND REPORTS

(a) EVALUATIONS.

We and our designated representatives have the right before you open the Facility for business and thereafter from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Facility, observe and record operations, interview personnel and members, and inspect your books and records relating to business conducted at the Facility. You will cooperate with us in these activities. We will give you a written summary of our evaluation within 20 Business Days after the completion of our audit and/or inspection of the Facility. You will promptly correct at your own expense all deficiencies (i.e., failures to comply with System Standards) noted by our evaluators within the time period we specify following your receipt of our notice of such deficiencies. We then may conduct one or more follow-up evaluations to confirm that you have corrected these deficiencies and otherwise are complying with this Agreement and all System Standards. We may charge you an evaluation fee to compensate us for our costs and expenses during any such follow-up evaluation or any evaluation that you request.

(b) **OUR RIGHT TO AUDIT.**

We may at any time during your business hours, and upon 30 days' prior written notice to you, examine the Facility's business, bookkeeping and accounting records, sales and income tax records and returns, and other records. You agree to fully cooperate with our representatives and independent accountants hired by us to conduct any such inspection or audit. If any inspection or audit discloses an understatement of the Facility's Gross Sales, you must pay us, within 15 days after receiving the inspection or audit report, the Royalties and any other amounts due on the amount of the understatement, plus interest from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the Facility's Gross Sales, we will credit you (without interest) for any overpayments you made to us. Further, if an inspection or audit is made necessary due to your failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if our examination reveals a Royalty understatement exceeding 2% of the amount that you actually reported to us for the period examined, you agree to reimburse us for the cost of our examination, including, without limitation, legal fees and independent accountants' fees, plus the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

(c) **RECORDS, REPORTS, AND FINANCIAL STATEMENTS.**

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting principles) that we prescribe from time to time. We may require you to use a Computer System to maintain certain revenue data and other information (including membership information) and provide us access to that data and other information in the manner we specify. You agree to give us in the manner and format that we prescribe from time to time:

(i) on or before the tenth (10th) day of each month, a report describing the Facility-related purchases during the previous month in the categories for which we have designated, approved or recommended suppliers and other monthly operating reports that we reasonably specify from time to time;

(ii) on the Report Day, a report on the Facility's Gross Sales during the previous calendar week;

(iii) within 90 days after the end of each fiscal year, a profit and loss and source and use of funds statement(s) for the Facility for the recently completed fiscal year, and a balance sheet for the Facility as of the end of such fiscal year; and

(iv) within 10 days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and your Facility.

We may periodically specify the form and content of the reports and financial statements described above. You agree to verify and sign each report and financial statement in the manner we prescribe. We will not publicly disclose data derived from these reports unless we make such public disclosure without disclosing your identity or your Facility's financial results on an individual (i.e., unconsolidated) basis.

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location at the Facility for at least 5 years after the end of the fiscal year to which such records relate. If we reasonably determine that any report or financial statement submitted to us is willfully and materially

inaccurate, then following our delivery of written notice to you, we may require you to have audited financial statements prepared annually during the Term until we determine that your reports and statements accurately reflect the Facility's business and operations.

10. TRANSFER

(a) **TRANSFER BY US.**

This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We also may change our ownership or form without restriction. You acknowledge and agree that we may sell all or any part of our ownership interests, our assets, the Marks and/or the System to a third party; may go public, may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. You further acknowledge and agree that we have the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or noncompetitive franchise network, chain or any other business, and to operate, franchise or license those businesses and/or facilities as ORANGE THEORY® Facilities operating under the Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which you acknowledge may be proximate to your Facility. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of our name, the Marks (or any variation thereof) and the System and/or the loss of association with or identification of You Fit Enterprises, Inc. under this Agreement. If we assign our rights in this Agreement, nothing in this Agreement shall be deemed to require us to remain in the ORANGE THEORY® Facility business or to offer or sell any products or services to you.

(b) **Transfer by You – Defined**.

Your rights and duties under this Agreement are personal to you. The Franchise has been granted to you in reliance upon our perceptions of your (or your Owners') individual and collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (nor any right granted by or interest in this Agreement), any Ownership Interest or other interest in you, nor the Facility (or substantially all of its assets or equipment) may be Transferred without our prior written approval in accordance with the provisions of this Section 10. Any violation of this restriction or other unauthorized Transfer will be a breach of this Agreement and will be without effect. We reserve the right to promulgate and periodically modify System Standards pertaining to the forms, procedures and other aspects of the Transfer process described in this Section 10.

(c) **CONDITIONS FOR APPROVAL OF TRANSFER.**

Our approval of any Transfer is, in all cases, contingent upon the following

(i) The proposed transferee and each of its owners must be individuals who, in our reasonable judgment, meet our then applicable reasonable standards for new franchisees, including, but not limited to, the fact that they do not directly or indirectly own or perform services for a Competitive Business (this restriction will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than 5% of the number of shares of that class of securities which are issued and outstanding);

(ii) The terms and conditions of the proposed transfer (including, without limitation, the purchase price) are satisfactory to us;

(iii) The proposed transferee (or its managing owner) and its manager and lead trainer must complete our initial training program to our satisfaction (unless the transferee is an existing licensee, franchisee, or Owner and the Facility will continue to be managed after the Transfer by the same manager and principal employees who managed the Facility before the Transfer);

(iv) The proposed transferee must, at our option: (a) have agreed in writing to be bound by all of the terms and conditions of this Agreement; or (b) sign the form of franchise agreement and ancillary agreements we then are using in connection with the grant of new ORANGE THEORY® Facility franchises, which may differ materially from this Agreement (including, without limitation, increased fees, and conditions for renewal and additional transfers), except that the term under such franchise agreement will be the then remaining Term (without considering any Successor Franchise rights you have under this Agreement);

(v) At our request, the proposed transferee refurbishes the Facility in the manner and subject to the provisions described in Section 2(a)(vi);

(vi) All monetary obligations (whether hereunder or not) of you to us or our Affiliates are paid in full;

(vii) You are not in default under this Agreement or any other agreement between you and us or our Affiliates;

(viii) We must have received a transfer fee equal to 25% of the then-current initial franchise fee charged to new franchisees;

(ix) You (and your transferring Owners) must have signed general releases, in a form satisfactory to us, of any and all claims against us and our Affiliates, and our and their respective owners, officers, directors, employees, and agents;

(x) You first offered to sell such interest to us pursuant to Section 10(e) of this Agreement and we have declined to exercise our right of first refusal in the manner set forth therein;

(xi) If you or your Owners finance any part of the sale price of the transferred interest, you and your Owners must have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements, or security interests that you or your Owners have reserved are subordinate to the transferee's obligation to pay Royalties, Marketing Contributions and other amounts due to us and otherwise to comply with this Agreement;

(xii) You and your transferring Owners must agree in writing for our and the transferee's benefit to continue to observe the restrictions contained in Sections 13, 14 and 17; and

(xiii) You must have provided us with all the Initial Transfer Package materials, the Transfer Package Material and any other material reasonably requested by us, and you agree to enter into an amendment to this Agreement or other document reflecting the new ownership structure. You must provide us the Initial Transfer Package materials at least 60 days prior to the proposed Transfer's effective date.

(d) **TRANSFER TO AN ENTITY.**

If you are an individual or group of individuals and are in compliance with this Agreement, then upon no less than 10 days' prior written notice to us, and upon your compliance with our then-current transfer policies and procedures, you may Transfer this Agreement to a legal entity formed solely to operate the Facility and, if applicable, other ORANGE THEORY® Facilities, in which you maintain management control, and of which you own 100% of the financial and voting interests, provided that all assets of the Facility are owned, and the entire business of the Facility is conducted, by such entity. If you are a group of individuals, any such individual who will not own an Ownership Interest in such entity must sign the form of agreement that we reasonably require in which each such individual releases any rights under this Agreement and releases any and all claims against us and our Affiliates and our and their respective owners, officers, directors, employees and agents. Any Transfer made in compliance with this Subsection 10(d) is not subject to the conditions or requirements in Subsection 10(c) or 10(e). However, Transfers of Ownership Interests in the new entity, including, without limitation, the issuance of new Ownership Interests in such entity to any person other than you, will be subject to the applicable provisions of this Section 10. All Owners of the new entity (including you) must execute and deliver to us our standard form of Owner's Guaranty. You will remain liable for performance of this Agreement by any entity to which you Transfer this Agreement. You also agree to enter into an amendment to this Agreement or other document to reflect the new entity as franchisee and ownership structure.

(e) **OUR RIGHT OF FIRST REFUSAL TO MATCH A PROPOSED TRANSFER.**

If, during the Term of this Agreement, you receive a bona fide offer from a prospective purchaser for any interest in you or the Facility (whether by sale of assets, sale of equity interest, merger, consolidation or otherwise), you agree to comply with the following requirements. You acknowledge and agree that we may, at any time during the process described in this Section, assign any or all of our rights and obligations under this Section to a designee (who may be our Affiliate) for any one or more proposed Transfers which are subject to our right of first refusal hereunder, and our designee will have all of our rights and obligations described herein.

You must obtain a bona fide, arm's-length, executed written offer from a responsible, bona fide and fully-disclosed purchaser in connection with any proposed Transfer. Promptly after receiving such offer, you must send us a copy of such offer (including, without limitation, any proposed contracts), for our consideration. Upon receipt of such information, we will have 15 days to determine our interest in exercising our right of first refusal. Our failure to notify you of our interest in exercising our right of first refusal within that 15-day period will be deemed our irrevocable decision not to exercise that right of first refusal for the offer you submitted to us.

If we are interested in exercising our right of first refusal, then we may ask you to submit to us any or all of the following documents: (i) your Facility's financial statements (including monthly revenue information) for the preceding 3 years; (ii) monthly membership information for the preceding 3 years (that is, the beginning membership base in terms of numbers of members and membership fees, membership additions and cancellations, and the ending membership base for each month in terms of numbers of members and membership fees); (iii) a description of the membership packages currently offered; (iv) a copy of the Facility's current lease (if we do not already have it); (v) information about the number and compensation of employees working at the Facility; (vi) a description of the competing health clubs operating within close proximity to the Facility; and (vii) a copy of your purchase agreement or letter of intent between you (or your Owner) and your proposed buyer (collectively the "**Due Diligence Package**"). Our requesting the Due Diligence Package does not bind us to move forward with our exercise of our right of first refusal. We will have 30 days after receiving the complete Due Diligence Package from you to evaluate the offer, request additional due diligence materials, and decide whether to

purchase such interest for the price and on the terms and conditions contained in the offer. If we elect to purchase the offered interest, then:

(i) we may substitute cash for any other form of payment proposed in the offer (such as ownership interests in a privately-held entity);

(ii) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we may provide promissory notes with the same terms as those offered by the proposed buyer, except as to subordination. Regarding subordination, you acknowledge and agree that our obligations under any promissory notes we provide in the transaction would be subordinate to our obligations under the promissory notes then outstanding to any and all lenders, although senior to the equity rights of our owners in us);

(iii) we will have not less than 60 days, but no more than 90 days, after we provide you our notice electing to purchase the offered interest to complete the sale; and

(iv) we must receive, and you (and each of your Owners) agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding:

(A) ownership and condition of and title to Ownership Interests and/or assets;

(B) liens and encumbrances relating to Ownership Interests and/or assets; and

(C) validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased,

provided, however, that you need not make any representations and warranties that exceed the representations and warranties to which you agreed with the proposed Transferee in the bona fide written offer, if that bona fide written offer sets forth all of the representations and warranties between the parties for the proposed Transfer.

You agree that, if the proposed purchase price is to be paid with Ownership Interests of a Transferee which is a privately-held entity, or with a promissory note given by the Transferee (rather than with cash or publicly-traded ownership interests), we may require the true value of the consideration proposed to be given by the Transferee to be determined by one of the "Big Four" accounting firms that does not represent either you or us. Except as provided below, the costs of that accounting firm will be shared equally by you and us. Beginning the process of making such determination will toll our 30-day deadline for evaluating the offer for no more than 30 days. We and you must instruct the accounting firm to complete its determination within such 30-day period. If the accounting firm determines that the true value of the consideration proposed to be given by the Transferee is less than the value stated in the original offer to you, you may, within 5 Business Days after you receive the determination, choose not to move forward with the proposed Transfer. However, if you decide not to move forward with the proposed Transfer, you must pay the entire cost of the accounting firm (rather than sharing the cost equally with us).

If we do not exercise our right of first refusal, you or your Owners may complete the proposed Transfer to the proposed buyer, but only on the original offer's terms, and subject to our approval of the

Transfer as provided in this Agreement and your compliance with the provisions of Section 10(c) above. This means that, even if we do not exercise our right of first refusal, if the proposed Transfer otherwise would not be allowed under this Agreement, you or your Owners may not move forward with the Transfer at all.

If you or your Owners do not complete the Transfer to the proposed buyer on the original offer's terms within 90 days after we notify you that we do not intend to exercise our right of first refusal (or after the last day of the 15-day initial review period described above, if applicable), then any proposed Transfer thereafter once again must comply with all of the provisions of this Subsection 10(e), as though there had not previously been a proposed Transfer.

11. DEATH OR DISABILITY

(a) TRANSFER UPON DEATH OR DISABILITY.

Upon your death or Disability or, if you are a legal entity, upon the death or Disability of an Owner, your or the Owner's executor, administrator, conservator, guardian, or other personal representative must, within a reasonable time (not to exceed 6 months after such death or Disability), Transfer your or the Owner's interest in compliance with the terms and conditions applicable to Transfers contained in this Agreement (including, without limitation, Section 10). If your or the Owner's heirs desire to receive an assignment of the interest, we will allow them to do so if they satisfy the conditions contained in Section 10, including our right of first refusal (if applicable).

(b) OPERATION UPON DEATH OR DISABILITY.

If you or one of your Owners was the manager of the Facility at the time of your or such Owner's death or Disability, then, within 30 days after such death or Disability, your or your Owner's executor or other personal representative must appoint a qualified manager to operate the Facility. Such manager will be required to complete our management training program to our satisfaction. In addition, if, at any time following the death or Disability of you or one of your Owners, we determine that the Facility is not being managed properly according to our System Standards, we or our designee have the right (but not the obligation) to enter the Site and assume the Facility's management for any period of time that we deem appropriate. All funds from the Facility's operation during the period of our (or our designee's) management will be kept in a separate account and all Facility expenses will be charged to such account. In addition to all other fees and payments owed hereunder, we may charge you a reasonable management fee that we specify, not to exceed 15% of the Facility's Gross Sales, plus any out-of-pocket expenses incurred in connection with the Facility's management. We or our designee will have a duty only to use reasonable efforts upon assuming the Facility's management and will not be liable to you for any debts, losses or obligations that the Facility incurs, or to any creditors for any supplies or other products or services purchased for the Facility, in connection with such management.

12. MARKS

(a) RIGHT TO USE MARKS.

Your right to use the Marks is derived solely from this Agreement and is limited to your development and operation of the Facility in accordance with and subject to all System Standards and all restrictions contained in this Agreement and the Manuals. Except to the extent we authorize you to do so, you may not use or authorize the use of any Mark or any abbreviations thereof, or any references to you or the Facility, as part of any domain name, electronic address, meta tag, website or otherwise on the

Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system.

(b) **OWNERSHIP AND GOODWILL OF MARKS.**

You acknowledge and agree that we own all rights in and to the Marks and all related goodwill. You will never (during or after the Term) challenge our exclusive rights to the Marks. Your unauthorized use of the Marks will be a material breach of this Agreement and deemed to be an intentional infringement of our trademark rights. Your usage of the Marks and any goodwill established by such use and attributable to such intellectual property will be exclusively for our benefit, which means that you have no right to the Marks or the goodwill associated with the Marks (other than the right to use the Marks as provided in this Agreement). All provisions of this Agreement applicable to the Marks apply to all proprietary trademarks, service marks, and commercial symbols we authorize you to use during the Term.

(c) **RULES FOR THE USE OF MARKS.**

You must use the Marks (and only the Marks) as the sole identification of the Facility at the Site, and only in the manner we prescribe in the Manuals, bulletins, and other notices to you, and give such notice of registration or other claim of trademark rights as we reasonably prescribe. You may not use the Marks or any abbreviations thereof: (a) for any purpose not expressly authorized by this Agreement; (b) on or to identify any services, merchandise, products, or equipment, whether or not sold at the Facility, except for those services authorized to be provided at ORANGE THEORY® Facilities and items that are furnished or sold to you by us or our authorized suppliers or distributors ("**Authorized Products**"); or (c) at any location other than the Facility at the Site except in approved advertising and marketing. You may not manufacture, use, sell, or distribute, or contract with any party other than our or our Affiliate's authorized licensees to manufacture, use, sell, or distribute, any products, merchandise, or equipment bearing any of the Marks without our prior written approval. You may sell Authorized Products only at retail to customers of the Facility, and you must not sell any Authorized Products through mail order or a website or at a location other than the Site (except for limited, short term, off-site, promotional purposes which we approve in advance). Subject to our approval of the form of the proposed use, which we will not unreasonably withhold or delay, you may include in your fictitious name filing and in the references to your Facility a geographic reference relating to the Facility's location as long as the reference does not interfere with the proper use of the Marks under our System Standards and the required use of the Marks under trademark law (e.g., ORANGE THEORY® South Tampa).

(d) **NOTIFICATION AND DEFENSE OF CLAIMS.**

You must notify us promptly of any claim by others (a) that you are infringing their trademark rights in connection with your use of the Marks; or (b) to any rights in the Marks which are inconsistent with this Agreement or our exclusive rights to the Marks. You must fully cooperate with us with respect to our prosecution of any infringement claim or our defense of a claim that you are infringing the trademark rights of any third party. We have the exclusive right to control any such prosecution or defense.

(e) **INDEMNIFICATION BY US.**

Provided you comply with the provisions of this Section 12, we will indemnify, defend, and hold harmless you and your Owners, directors, officers, employees, agents, successors, and assignees (collectively, the "**Trademark Indemnified Parties**") against, and reimburse all of the Trademark Indemnified Parties for, any Claims asserted against or incurred by the Trademark Indemnified Parties in

any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding and comply with our reasonable directions in responding to the proceeding. Notwithstanding the foregoing, we will not indemnify, defend or hold harmless the Trademark Indemnified Parties for any unauthorized use of the Marks. We may control the defense of any proceeding arising from your use of any Mark under this Agreement. This indemnification will continue in full force and effect notwithstanding this Agreement's termination or expiration.

(f) **DISCONTINUANCE OF USE OF MARKS.**

If, in our reasonable opinion, it is desirable to modify or discontinue the use of any of the Marks and/or use one or more additional or substitute Marks, at any time, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for any loss of revenue or profits attributable to the change in Marks or for any expenditures you make to change Marks or to promote a modified or substitute trademark or service mark. Nothing in this Section affects your obligation to maintain signage and otherwise display the Marks in accordance with System Standards.

13. CONFIDENTIAL INFORMATION

(a) **CONFIDENTIALITY OF TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION.**

You acknowledge and agree that we and our Affiliates own all right, title and interest in and to the Confidential Information. We will disclose to you such parts of the Confidential Information as we determine (in our sole judgment) are required for the operation of a Facility during training and in guidance and assistance furnished to you during the Term. The Manuals contain Confidential Information, and you may learn or otherwise obtain from us additional Confidential Information during the Term. You and each of your Owners acknowledge and agree that neither you, the Owners nor any other person or entity will acquire any interest in or right to use the Confidential Information, other than your right to utilize certain Confidential Information in the operation of the Facility, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with us and our franchisees. You will disclose the Confidential Information to your Owners and employees only to the extent reasonably necessary for the operation of the Facility.

You acknowledge and agree that the Confidential Information is confidential to and a valuable asset of us and our Affiliates, is proprietary, and is disclosed to you solely on the condition that you and your Owners, and each Owner does hereby agree (on behalf of and with respect to himself/herself only) and you do hereby agree, that, during and after the Term, you and your Owners:

(i) will not use the Confidential Information in any other business or capacity;

(ii) will maintain the absolute secrecy and confidentiality of the Confidential Information;

(iii) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible or intangible form; and

(iv) will adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of or access to the Confidential Information, including, without limitation, requiring employees who will have access to such information to execute confidentiality agreements in a form periodically prescribed by us. You must maintain such confidentiality agreements on file for 4 years after the employee executing such agreement

has left your employment, and must provide us, at our request, executed originals of each such agreement.

You must comply with any reasonable instruction by us regarding the organizational, physical, administrative and technical measures and security procedures to safeguard the confidentiality and security of member information and, in any event, employ reasonable means to safeguard the confidentiality and security of member information. You must comply with all applicable laws governing the use, protection, and disclosure of membership information. If there is a suspected or actual breach of security or unauthorized access involving membership information, you must notify us immediately after becoming aware of such actual or suspected occurrence and specify the extent to which membership information was compromised or disclosed.

Nothing contained in this Agreement will be construed to prohibit you from using the Confidential Information that we specify in connection with the operation of your Facility pursuant to this Agreement.

Notwithstanding anything to the contrary contained in this Agreement and provided you have obtained our prior written consent, the restrictions on your disclosure and use of the Confidential Information will not apply to the following: (i) information, methods, procedures, techniques and knowledge which are or become generally known to the general public, other than through disclosure (whether deliberate or inadvertent) by you or your Owners or employees; and (ii) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose such information, provided you notify us prior to disclosure and have used your best efforts to obtain, and have afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

(b) **NONDISCLOSURE AND NONCOMPETITION AGREEMENTS WITH CERTAIN INDIVIDUALS.**

We have the right to require any holder of a legal or beneficial interest in you (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and employees of your Facility to execute a nondisclosure and noncompetition agreement, our standard form of which is attached as Exhibit B, upon execution of this Agreement or prior to each such person's affiliation with you. Upon our request, you will provide us with copies of all nondisclosure and noncompetition agreements signed pursuant to this Subsection. Such Agreements shall remain on file at your offices and are subject to audit or review as otherwise set forth in this Agreement. We will be a third party beneficiary with the right to enforce covenants contained in such agreements.

14. EXCLUSIVE RELATIONSHIP

You acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among our franchisees if you (or your Owners) were permitted to hold interests in or perform services for a Competitive Business. Therefore, we have granted the Franchise to you in consideration of and reliance upon your (and your Owners') agreement to deal exclusively with us. You agree that, during the Term, neither you nor any of your Owners, directors, or officers (nor any of your or their immediate family members) will:

(i) have any direct or indirect interest as an owner – whether of record, beneficially or otherwise – in a Competitive Business, wherever located or operating (this restriction will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or

traded on the over-the-counter market that represent less than 5% of the number of shares of that class of securities issued and outstanding);

(ii) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located or operating;

(iii) recruit or hire any person who is our employee or the employee of any ORANGE THEORY® Facility without obtaining the prior written permission of that person's employer;

(iv) direct any prospective or existing business or economic opportunities away from us, our Affiliate, the Facility or any other ORANGE THEORY® Facility to a Competitive Business, wherever located or operating; or

(v) perform any act prejudicial or injurious to the goodwill associated with the Marks.

You acknowledge that the restrictive covenants contained in this Section and Subsections 13(a) and 17(d) are essential elements of this Agreement and that without their inclusion, we would not have entered into this Agreement. You acknowledge that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of us, our franchisees, the System and the Marks. You waive any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

15. INNOVATIONS

You agree to promptly disclose to us all Innovations, whether or not protectable intellectual property and whether created by or for you or your Owners or employees. All Innovations will be deemed our sole and exclusive property and works made-for-hire for us. We have the right to incorporate Innovations into the System and may use them and authorize you and others to use them in the operation of ORANGE THEORY® Facilities. Innovations will then also constitute Confidential Information. We will disclose to you Innovations that are made a part of the System. To the extent any Innovation does not qualify as a work made-for-hire for us, by this paragraph you assign ownership of that Innovation, and all intellectual property and other rights to the Innovation, to us and agree to sign and deliver such instruments and documents, provide such assistance and perform such other acts as we periodically designate in order for us or our designee to obtain exclusive rights in such Innovations. We will have no obligation to make any lump sum or other payments to you or any other person with respect to any such Innovations. You will not use, nor will you allow any other person to use, any such Innovations, whether in connection with the Facility or otherwise, without obtaining our prior written approval.

16. TERMINATION OF AGREEMENT

(a) TERMINATION BY YOU.

You may terminate this Agreement if we commit a material breach of any of our obligations under this Agreement and fail to correct such breach within 30 days after your delivery of written notice to us of such breach; provided, however, that if we cannot reasonably correct the breach within this 30-day period but provide you, within this 30-day period, with reasonable evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period.

(b) **<u>TERMINATION BY US</u>.**

Upon the occurrence of any one of the following events, we may, at our option, terminate this Agreement, effective immediately upon delivery of written notice to you:

(i) you (or any of your Owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the Franchise or your operation of the Facility, including, without limitation, by intentionally, or through your gross negligence, understating the Facility's Gross Sales for any period;

(ii) you fail to obtain our approval of the Site, to secure the approved Site under a lease or sublease that we approve, or otherwise to meet any of the Development Obligations identified in Section 3 on or before the applicable deadline established in Section 3, or you fail to develop, open and begin operating the Facility in accordance with our System Standards on or before the Mandatory Opening Date;

(iii) you abandon or fail to actively operate the Facility offering full services to its members during all of the hours we specify (other than due to a force majeure) for 2 or more consecutive days, or for 5 or more days during any calendar month, although you may close the Facility for up to 7 days for remodeling and repairs which have been pre-approved in writing by us (but if your remodeling or repairs will take more than 7 days, your members must be able to use an alternate location within 5 miles of your Facility);

(iv) you or any of your Owners makes a purported Transfer in violation of Section 10 above;

(v) you (or any of your Owners) are or have been convicted of, or plead or have pleaded either guilty or no contest to, a felony, or to another crime of lesser offense that may adversely affect your reputation, the reputation of your Facility or the goodwill associated with the Marks;

(vi) you lose the right to possession of the Site, unless you locate and start pre-selling memberships at a substitute Site pre-approved in writing by us within the Territory before you cease operating the Facility at the original Site;

(vii) a Lender forecloses on its lien on a substantial and material portion of the Facility's assets;

(viii) you (or any of your Owners) misappropriate any Confidential Information or violate any provisions of Subsection 14, including, but not limited to, by holding interests in or performing services for a Competitive Business;

(ix) you violate any material law, ordinance, or regulation applicable to the Facility and do not begin to correct such noncompliance or violation immediately, or do not completely correct such noncompliance or violation within the time period prescribed by law, unless you are in good faith contesting your liability for such violation through appropriate proceedings;

(x) you fail to report the Facility's Gross Sales pursuant to Subsection 9(c) or fail to make any payment due to us or any of our Affiliates, and do not correct such failure within 5 days after delivery of written notice of such failure;

(xi) you fail to maintain the insurance required by this Agreement or to furnish us with satisfactory evidence of such insurance within the required time and do not correct such failure within 5 days after delivery of written notice of such failure;

(xii) you fail to pay when due any federal or state income, service, sales, employment, or other taxes due from the operations of the Facility, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

(xiii) you (or any of your Owners) breach this Agreement or any other agreement between us (or any of our Affiliates) and you (or any of your Owners or Affiliates) on three (3) or more separate occasions within any period of 12 consecutive months and we provide you with written notice of such breaches in accordance with Subsection 22(g) below, whether or not such breaches are corrected after notice from us;

(xiv) you repeatedly fail to pay amounts owed to our designated, approved, or recommended suppliers within 30 days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material pertaining to the operation or ownership of the Facility;

(xv) any other contract or agreement between us (or any of our Affiliates) and you (or any of your Owners or Affiliates), including any franchise agreement for another ORANGE THEORY® Facility, is terminated before its term expires, regardless of the reason;

(xvi) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Facility is attached, seized, or levied upon, unless such attachment, seizure, or levy is vacated within 60 days; or any order appointing a receiver, trustee, or liquidator of you or the Facility is not vacated within 60 days following the entry of such order; or

(xvii) you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our Affiliates) and you, including, without limitation, any System Standard, and do not correct the failure to our satisfaction within 30 days after we deliver written notice of the failure to you; provided, however, that if you cannot reasonably correct the breach within this 30-day period but provide us, within this 30-day period, with reasonable evidence of your effort to correct the breach within a reasonable time period, then the cure period will run through the end of such reasonable time period.

(c) **<u>ASSUMPTION OF FACILITY'S MANAGEMENT</u>.**

We or our designee have the right (but not the obligation), under the circumstances described in the paragraph below, to enter the Site and assume the Facility's management for any period of time that we deem appropriate. All funds from the Facility's operation during the period of our (or our designee's) management will be kept in a separate account and all Facility expenses will be charged to such account. In addition to all other fees and payments owed hereunder, we may charge you a reasonable management fee that we specify, not to exceed 3% of the Facility's Gross Sales, plus any out-of-pocket expenses incurred in connection with the Facility's management. We or our designee will have a duty only to use reasonable efforts upon assuming the Facility's management and will not be liable to you for any debts, losses or obligations that the Facility incurs, or to any creditors for any supplies or other products or services purchased for the Facility, in connection with such management.

We or our designee may assume the Facility's management under the following circumstances: (a) if you abandon or fail to actively operate the Facility for any period; or (b) we provide you with a notice, in the form specified in Subsection 22(g) below, of your violation of Subsections 16(b)(iii), (v), (ix), (xi), (xii) or (xvi) above and you do not correct or cure the breach or violation described in the notice within the applicable cure period (if any). Our exercise of our rights under this Subsection 16(c) will not affect our right to terminate this Agreement under this Section 16.

17. EFFECT OF TERMINATION OR EXPIRATION OF THIS AGREEMENT

(a) PAYMENT OF AMOUNTS OWED TO US.

Upon termination or expiration of this Agreement for any reason, you will pay us all amounts remaining due under this Agreement within 10 days after such termination or expiration (or within 10 days after the amount is known, if the amount is not known on the effective date of expiration or termination). In the case of a termination by us pursuant to Subsection 16(b) or a termination by you other than pursuant to Subsection 16(a), this will be deemed to include all amounts that you would have paid us during what would have been the remainder of the Term had it not been terminated, including, but not limited to, Royalties and Marketing Contributions (with the Gross Sales used to calculate the Royalties being determined using the average of your weekly Gross Sales during the 6-month period prior to the date of termination). However, the parties acknowledge and agree that, in the case of a termination by us pursuant to Subsection 16(b) or a termination by you other than pursuant to Subsection 16(a), we also will suffer damages other than lost future Royalties and Marketing Contributions (including, without limitation, loss of goodwill relating to the Marks and lost business opportunities).

(b) MARKS.

Upon the termination or expiration of this Agreement:

(i) you may not directly or indirectly at any time or in any manner (except with respect to other ORANGE THEORY® Facilities you own and operate) identify yourself or any business as a current or former ORANGE THEORY® Facility, or as one of our current or former franchisees, or use any of the Marks, or any colorable imitation thereof, including, without limitation, on any stationery, forms, advertising materials, membership agreements or billing statements, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(ii) you will take such action as may be required to cancel all fictitious or assumed name(s) or equivalent registrations relating to your use of any of the Marks and, at our option, to assign to us (or our designee) or cancel any electronic address, domain name or website, or rights maintained in connection with any search engine, that associates you with us, the Facility, or the Marks;

(iii) you will at your own expense remove and deliver to us (or, at our option, destroy) all marketing materials, forms, and other materials containing any of the Marks or otherwise identifying or relating to an ORANGE THEORY® Facility;

(iv) if we do not have or do not exercise an option to purchase the Facility, you will, at your own expense, remove all exterior and interior signage at the Facility and thereupon either destroy such exterior and interior signage or, if they meet our then-current standards and specifications, sell your interior and exterior signage to us or another ORANGE THEORY®

Facility franchisee at such price and on such payment terms as such parties may negotiate and agree upon;

(v) if we do not have or do not exercise an option to purchase the Facility, you will, at your own expense, make such alterations as we reasonably specify to distinguish the Facility clearly from its former appearance and from other ORANGE THEORY® Facilities so as to prevent a likelihood of confusion by the public and otherwise take the steps that we specify to de-identify the Facility;

(vi) if we do not have or do not exercise an option to purchase the Facility, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy, or other numbers, and any regular, classified, or other telephone directory listings associated with any of the Marks or the Facility, authorize the transfer of such numbers and directory listings to us or our nominee, and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify;

(vii) in addition to any procedures required by state law, you will notify all of your members of the termination or expiration of this Agreement and offer to such members the option to terminate their membership and receive a pro rata refund of all membership fees and other charges which were prepaid by such members related to any period after the effective date of termination or expiration of this Agreement; and

(viii) you agree to furnish us, within 30 days after the effective date of termination or expiration of this Agreement, with evidence satisfactory to us of your compliance with the foregoing obligations.

(c) **CONFIDENTIAL INFORMATION.**

Upon termination or expiration of this Agreement, you and your Owners will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manuals and any other confidential materials that we have loaned to you.

(d) **COMPETITIVE RESTRICTIONS.**

Upon expiration or termination of this Agreement for any reason whatsoever (provided you have not acquired a Successor Franchise), you and your Owners agree that, for a period of 2 years commencing on the effective date of termination or expiration, neither you nor any of your Owners will, directly or indirectly (e.g., through a spouse or child):

(i) have any direct or indirect interest as an owner (whether of record, beneficially or otherwise) in or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise, for a Competitive Business, located or operating: (A) at the Site; (B) within a 10-mile radius of the Site; or (C) within a 10-mile radius of any other ORANGE THEORY® Facility in operation or under development on the effective date of termination or expiration of this Agreement (this restriction will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than 5% of the number of shares of that class of securities issued and outstanding);

(ii) recruit or hire any person who is our employee or the employee of any ORANGE THEORY® Facility without obtaining the prior written permission of that person's employer; or

(iii) perform any act prejudicial or injurious to the goodwill associated with the Marks.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your Owners expressly acknowledge that you and they possess skills and abilities of a general nature and have other opportunities for exploring such skills. Consequently, enforcement of the covenants made in this Section will not deprive you or your Owners of your or their personal goodwill or ability to earn a living.

(e) **MEMBERSHIPS**.

Upon termination or expiration, you must notify all members of your ORANGE THEORY® Facility immediately that your ORANGE THEORY® Facility will cease to operate under the Marks. If this Agreement is being terminated or expiring without renewal, we may contact members of your ORANGE THEORY® Facility and offer such members continued rights to use one or more ORANGE THEORY® Facilities on such terms and conditions we deem appropriate, which in no event will include assumption of any then existing liability arising out of or relating to any Membership Agreement or act or failure to act by you or your ORANGE THEORY® Facility. In the event that, upon expiration or termination of this Agreement, members of your ORANGE THEORY® Facility are legally entitled to full or partial refund of any monies paid to you, you will refund such monies promptly and in full and will cooperate with us to preserve customer goodwill with such members.

(f) **Our Right to Purchase**.

(i) Exercise of Option. Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within 60 days from the date of such termination, to purchase the Facility from you, including the leasehold rights to the Site. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "**Notification Date**"). We have the unrestricted right to assign this option to purchase the Facility. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(ii) Leasehold Rights. You agree at our election:

(A) to assign your leasehold interest in the Site to us; or

(B) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

(iii) Purchase Price. The purchase price for the Facility will be its fair market value, determined in a manner consistent with reasonable depreciation of the Facility's equipment, signs, inventory, materials and supplies, provided that the Facility will be valued as an independent business and its value will not include any value for:

(A) the Franchise or any rights granted by this Agreement;

(B) the Marks; or

(C) participation in the network of ORANGE THEORY® Facilities.

The Facility's fair market value will include the goodwill you developed in the market of the Facility that exists independent of the goodwill of the Marks and the System. The length of the remaining term of the lease for the Site will also be considered in determining the Facility's fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Facility's operation or that we have not approved as meeting standards for ORANGE THEORY® Facilities, and the purchase price will reflect such exclusions.

(iv) Appraisal. If we and you are unable to agree on the Facility's fair market value, its fair market value will be determined by 3 independent appraisers who collectively will conduct one appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within 15 days after we notify you that we are exercising our option to purchase the Facility, and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days after the date on which the last of the two party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers. The appraisers are obligated to complete their appraisal within 30 days after the third appraiser's appointment.

The purchase price will be paid at the closing of the purchase, which will take place not later than 90 days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your Owners owe to us or any amounts of rent you owe the landlord of the Site, or supplies or your creditors that we pay on your behalf in order to obtain lawful possession of the Site, any of your assets or to cover amounts you owe suppliers we do business with. At the closing, you agree to deliver instruments transferring to us:

(A) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and

(B) all licenses and permits of the Facility which may be assigned or transferred;

(C) the leasehold interest and improvements in the Site; and

(D) accounts receivable from members and membership contracts.

If you 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. You and your owners further agree to execute general releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

(g) **CONTINUING OBLIGATIONS.**

All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the termination or expiration of this Agreement will continue in full force and effect subsequent to and notwithstanding its termination or expiration until such obligations are satisfied in full or by their nature expire.

18. RELATIONSHIP OF THE PARTIES; INDEMNIFICATION

(a) **INDEPENDENT CONTRACTORS.**

This Agreement does not create a fiduciary relationship between you and us. We and you are and will be independent contractors, and nothing in this Agreement is intended to create an agency, joint venture, partnership, or employment relationship. Neither party has any right to create any obligation on behalf of the other except as expressly provided in this Agreement. Because you are an independent contractor, your labor relations with your employees are strictly your own concern. You must comply with all applicable laws and regulations, whether related to employment, to operating the Facility or otherwise. We do not have the right or power to supervise or discipline any of your employees; to determine the hiring, firing, compensation, or terms or conditions of employment of any of your employees; or otherwise to control the labor relations between you and your employees.

(b) **TAXES.**

You and your Owners are solely responsible for all taxes, however denominated or levied upon you or the Facility, in connection with the business you will conduct under this Agreement (except any taxes we are required by law to collect from you with respect to purchases from us).

(c) **INDEMNIFICATION.**

(i) You will indemnify, defend, and hold us, our Affiliates, and our and their respective owners, directors, managers, officers, employees, agents, successors, and assignees (collectively, "**Franchisor Indemnified Parties**") harmless against, and reimburse any one or more of the Franchisor Indemnified Parties for, all third party claims, any and all taxes, and any and all claims and liabilities directly or indirectly arising out of:

(A) the operation of the Facility,

(B) the unauthorized use of the Marks,

(C) a Transfer in violation of this Agreement,

(D) a breach of this Agreement, including, but not limited to, unauthorized use of the Confidential Information, or

(E) any other agreement between the parties and or their Affiliates that relates to the operation of the Facility,

including, without limitation, those claims and liabilities which are alleged to have been caused by a Franchisor Indemnified Party's negligence. However, your indemnification obligations will not apply to, and we will reimburse you for any defense costs that you incurred on behalf of any Franchisor Indemnified Party with respect to, claims or liabilities which are determined to be

caused solely by the Franchisor Indemnified Party's negligence, material defaults or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. Each Franchisor Indemnified Party has the right to defend any Claim at your expense if you fail to defend the Claim in the manner the Franchisor Indemnified Party reasonably requires. This indemnity will continue in full force and effect notwithstanding the termination or expiration of this Agreement. Neither we nor any other Franchisor Indemnified Party is required to seek recovery from any insurer or other third party in order to maintain and recover fully a Claim against you. You agree that our failure to pursue such recovery will in no way reduce or alter the amounts we or another Franchisor Indemnified Party may recover from you.

(ii) We agree to indemnify, defend, and hold harmless you and your Owners, directors, officers, employees, agents, successors, and assignees (collectively, "**Franchisee Indemnified Parties**") against, and to reimburse each Franchisee Indemnified Party for, all Claims asserted by a third party arising out of our negligence, material defaults or intentional misconduct toward that third party. Each Franchisee Indemnified Party has the right to defend any claim at our expense if we fail to defend the claim in the manner the Franchisee Indemnified Party reasonably requires. This indemnity will continue in full force and effect notwithstanding the termination or expiration of this Agreement. A Franchisee Indemnified Party need not seek recovery from an insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against us. We agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts you or another Franchisee Indemnified Party may recover from us.

(d) **INSURANCE.**

You must obtain and thereafter maintain in full force and effect, throughout the Term, at your sole expense, property, professional liability, general liability, motor vehicle liability and other types of insurance we require. The liability insurance must cover claims for bodily injury, death and property damages caused by or occurring in connection with your Facility's operation or activities of your personnel in the course of their employment (within and without your Facility's premises). All of these policies must contain the minimum coverage we prescribe from time to time, and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. The insurer under any required policy must at all times maintain at least an "A" rating or better as rated by Best's Insurance Reports (or any similar rating that we periodically designate). You must cause us and any Affiliates we designate to be named as additional insureds on any such policies. These insurance policies must and provide for 30 days' prior written notice to us of a policy's material modification, cancellation or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our Affiliates and our and their successors and assigns. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums. You must notify us of any lawsuits filed against you within 5 Business Days after you have notice of such lawsuits, whether or not you have tendered them to your insurance company for defense and/or coverage. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies (including, without limitation, termination), we may (but need not) obtain such insurance for you and your Facility on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

19. ENFORCEMENT

(a) SEVERABILITY.

Except as expressly provided to the contrary in this Agreement, including in Subsection 21, each provision of this Agreement is severable, and if, for any reason, any provision or part of a provision is held to be invalid or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction in a proceeding to which we are a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement that remain otherwise intelligible, which will continue to be given full force and effect and bind the parties. If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable by reducing any part or all of it, you and we agree that such covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice than is required under this Agreement of the termination of this Agreement or of our refusal to enter into a Successor Franchise Agreement, or the taking of some other action not required under this Agreement, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid or unenforceable, the prior notice and/or other action required by such law or rule will be substituted for the comparable provisions of this Agreement, and we will have the right to modify such invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable. You agree to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions or any System Standard any portion or portions which a court or arbitrator holds to be unenforceable in a final decision to which we are a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order or arbitration award. Such modifications to this Agreement will be effective only in such jurisdiction, unless we elect to give them greater applicability, and will be enforced as originally made and entered into in all other jurisdictions.

(b) AMENDMENT.

Subject to our right to periodically modify System Standards and the Manual, the provisions of this Agreement may be modified only by written agreement between the parties.

(c) WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of notice to the other or such other effective date stated in the notice of waiver. Any waiver we or you grant will be without prejudice to any other rights we or you may have, will be subject to our or your continuing review, and may be revoked by the party granting the waiver at any time and for any reason; provided, however, that any waived breach may not later be used as a ground for terminating this Agreement. Any waiver must be in writing to be enforceable. Our failure to complain or declare that you are in breach of the terms of this Agreement or our failure to give or withhold our approval as provided in this Agreement will not, except as otherwise provided in this Agreement, constitute a waiver of such breach or of such right to withhold our approval. We will not be deemed to waive or impair any of our rights under this Agreement because of our waiver of or failure to exercise any right, whether of the same, similar, or different nature, with other ORANGE THEORY® Facilities or because of the existence of franchise or license agreements for

other ORANGE THEORY® Facilities which contain provisions different from those contained in this Agreement.

(d) **COSTS AND ATTORNEYS' FEES.**

If a claim for amounts owed by you to us or any of our Affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or in contemplation of, the filing of written demand or claim, action, hearing or proceeding to enforce the obligations of the parties under this Agreement.

(e) **CUMULATIVE RIGHTS.**

Our and your rights under this Agreement are cumulative, and no exercise or enforcement of any right or remedy will preclude our or your exercise or enforcement of any other right or remedy under this Agreement which we or you are entitled by law to exercise or enforce.

20. MEDIATION

We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution we and you agree that, prior to filing any judicial or arbitration proceeding, except injunctive and related relief as provided in Section 21, each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location. If we and you cannot agree on a location, the mediation will be conducted in Tampa, Florida. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation. If any dispute between the parties cannot be resolved through mediation within 45 days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 21.

21. ARBITRATION

All disputes between us and our Affiliates, and our and their respective owners, officers, directors, agents, and employees, and you (and/or your Owners, Affiliates, officers, directors, agents, and employees, if applicable) arising out of or related to this Agreement or any provision of this Agreement (including the validity and scope of the arbitration obligation under this Section 21, which we and you acknowledge is to be determined by an arbitrator, not a court), any other agreement between us (or our Affiliate) and you, or any aspect of our and your relationship, will be determined exclusively by binding arbitration to be conducted by one (1) arbitrator under the then-current commercial arbitration rules of the American Arbitration Association. Arbitration proceedings must be held exclusively in Broward County, Florida. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the award may be entered in any court of competent jurisdiction.

We and you agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier. We and you

further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us and will not have the right to declare any Mark generic or otherwise invalid. Except as described in Subsection 22(d), we and you and your Owners waive to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agree that, in the event of a dispute between you and us, the party making a claim will be limited to equitable relief and to recovery of any actual damages he, she, or it sustains. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those costs in accordance with Subsection 19(d) above.

Arbitration must be conducted on an individual, not a class-wide, basis; only we (and/or our Affiliates, and our and their respective owners, officers, directors, agents, and employees) and you (and/or your Owners, Affiliates, officers, directors, agents, and employees, if applicable) may be the parties to any arbitration proceeding described in this Section 21; and no such arbitration proceeding may be consolidated with any other arbitration proceeding between us and any other person, corporation, limited liability company, or partnership. Notwithstanding the foregoing or anything to the contrary in this Section 21 or Subsection 19(a), if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 21, then all parties agree that this arbitration clause will not apply to that dispute and that such dispute will be resolved in a judicial proceeding in accordance with this Section 22.

Notwithstanding anything to the contrary contained in this Section 21, we and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. In that case, we and you agree to contemporaneously submit our dispute for arbitration on the merits according to this Section 21. The provisions of this Section 21 will continue in full force and effect notwithstanding the termination or expiration of this Agreement and are intended to benefit and bind certain third party non-signatories.

22. MISCELLANEOUS

(a) GOVERNING LAW.

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT 15 U.S.C. §§ 1051 ET SEQ.), THE UNITED STATES COPYRIGHT ACT, OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF FLORIDA, WITHOUT REGARD TO ITS CONFLICT OF LAWS PRINCIPLES, EXCEPT THAT ANY FLORIDA LAW REGULATING THE SALE OF FRANCHISES, LICENSES, OR BUSINESS OPPORTUNITIES, OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE OR THE RELATIONSHIP OF A LICENSOR AND ITS LICENSEE, OR INVOLVING UNFAIR OR DECEPTIVE ACTS OR PRACTICES, WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. REFERENCES TO ANY LAW OR REGULATION ALSO REFER TO ANY SUCCESSOR LAWS OR REGULATIONS AND ANY IMPLEMENTING REGULATIONS FOR ANY STATUTE, AS IN EFFECT AT THE RELEVANT TIME. REFERENCES TO A GOVERNMENTAL

AGENCY ALSO REFER TO ANY SUCCESSOR REGULATORY BODY THAT SUCCEEDS TO THE FUNCTION OF SUCH AGENCY.

(b) **CONSENT TO JURISDICTION.**

SUBJECT TO OUR AND YOUR ARBITRATION OBLIGATIONS IN SECTION 21, YOU AND YOUR OWNERS AGREE THAT ALL JUDICIAL ACTIONS BROUGHT BY US AGAINST YOU OR YOUR OWNERS OR BY YOU OR YOUR OWNERS AGAINST US OR OUR AFFILIATES, OR OUR OR THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS, OR EMPLOYEES, MUST BE BROUGHT EXCLUSIVELY IN THE FEDERAL AND STATE COURTS IN BROWARD COUNTY, FLORIDA. THE COURTS SPECIFIED IN THIS SUBSECTION 22(B) WILL HAVE EXCLUSIVE JURISDICTION OVER ALL DISPUTES, AND VENUE WILL LIE IN BROWARD COUNTY, FLORIDA, AND WILL BE DETERMINED ACCORDING TO FLORIDA LAW, WITHOUT REGARD TO THE JURISDICTIONAL, VENUE, OR CHOICE OF LAW PROVISIONS OF ANY STATE OR TERRITORY OTHER THAN FLORIDA. YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS AND WAIVE ANY OBJECTION YOU, HE, OR SHE MAY HAVE TO EITHER JURISDICTION OR VENUE. NOTWITHSTANDING THE FOREGOING, WE MAY BRING AN ACTION FOR A TEMPORARY RESTRAINING ORDER OR FOR TEMPORARY OR PRELIMINARY INJUNCTIVE RELIEF, OR TO ENFORCE AN ARBITRATION AWARD, IN ANY FEDERAL OR STATE COURT IN THE STATE IN WHICH YOU RESIDE OR THE FACILITY IS LOCATED.

(c) **WAIVER OF JURY TRIAL.**

YOU (AND YOUR OWNERS) AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU (OR YOUR OWNERS) OR US.

(d) **WAIVER OF PUNITIVE DAMAGES.**

EXCEPT WITH RESPECT TO YOUR AND OUR OBLIGATION TO INDEMNIFY THE OTHER PURSUANT TO SUBSECTION 18(c) FOR CLAIMS OF OTHERS SEEKING TO RECOVER PUNITIVE OR EXEMPLARY DAMAGES, AND EXCEPT FOR CLAIMS FOR UNAUTHORIZED USE OF THE MARKS OR MISAPPROPRIATION OF ANY CONFIDENTIAL INFORMATION, OR FOR LOST PROFITS BY US ARISING OUT OF YOUR TERMINATION OF THIS AGREEMENT AS SET FORTH IN SUBSECTION 17(a), WE AND YOU AND YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

(e) **LIMITATIONS OF CLAIMS.**

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OF AMOUNTS DUE UNDER THIS AGREEMENT, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS AN ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING SUCH CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO SUCH CLAIMS.

(f) **CONSTRUCTION.**

This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us, and there are no oral or other written understandings, representations, or agreements between us and you, relating to the subject matter of this Agreement. **Notwithstanding the foregoing, nothing in this Agreement will disclaim or require you to waive reliance on any representation that we made in the most recent disclosure document (including its exhibits and amendments) that we delivered to you or your representative**. Any policies that we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in the indemnification and arbitration Sections, nothing in this Agreement is intended, or will be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement. Except where this Agreement expressly obligates us reasonably to approve any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed or effected actions that require our approval. The headings of the Sections and Subsections are for convenience only and do not define, limit, or construe the contents of such Sections or Subsections. Any time period or deadline imposed on the parties under this Agreement will be extended or delayed as is reasonably necessary upon the occurrence of a force majeure (although all payments due under this Agreement must continue to be made). This Agreement may be executed in multiple copies, each of which will be deemed an original. If two or more persons are at any time "**you**" under this Agreement, their obligations and liabilities to us will be joint and several.

(g) **NOTICES AND PAYMENTS.**

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Subsection. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or 1 Business Day after sending by telegraph, telecopy or comparable electronic system or through a nationally recognized commercial courier service for next Business Day delivery; or 3 Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that we provide to you or your Owners, at the Facility's address. As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

To us:	Ultimate Fitness Group, LLC 1815 Cordova Road, Suite 206 Fort Lauderdale, FL 33316 Attn: Dave Long Facsimile No.: ______________
To you:	____________________________ ____________________________ ____________________________ Attn: ______________________ Facsimile No.: ______________

(h) **TIME.**

Time is of the essence of this Agreement and each and every provision.

(i) **BINDING EFFECT.**

The delivery of this Agreement to you is not an offer. Therefore, this Agreement will not be binding upon us until it is first signed by you, tendered to us for our acceptance, and signed by us. Once accepted by us, this Agreement is binding upon and will inure to the benefit of us and you and our and your respective successors and permitted assigns.

(j) **EXERCISE OF OUR BUSINESS JUDGMENT.**

We have the right, in our sole judgment, to operate, develop and change the Systems in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information readily available to us and our judgment of what is in our and/or our franchise network's best interests at the time our decision is made, regardless of whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision or the action we take promotes our financial or other individual interest.

(k) **ELECTRONIC MAIL.**

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and Affiliates ("**Official Senders**") to you during the Term. You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement pursuant to Subsection 22(g) using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

23. VARYING STANDARDS

Because complete and detailed uniformity under many varying conditions may not be possible or practical, we specifically reserve the right and privilege, in our sole and absolute discretion and as we may deem in the best interests of all concerned in any specific instance, to vary standards and license agreement provisions for any licensee or prospective licensee based upon the peculiarities of a particular site or circumstance, density of population, business potential, population or trade area, existing business practices, or any other condition which we deem to be of importance to the successful operation of such licensee's business. You will not have the right to complain about a variation from standard specifications and practices granted to any other licensee and will not be entitled to require us to grant you a like or similar variation.

24. DEFINITIONS

For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

"**Actual Opening Date**" means the date on which the Facility first opens for member workouts of any kind under this Agreement, regardless of the date on which the Facility's "grand opening" occurs.

"**Affiliate**" as used with respect to you or us, means any person directly or indirectly owned or controlled by, under common control with, or owning or controlling, you or us (as applicable). For purposes of this definition, "**control**" of a person means ownership or control of a majority of the voting ownership of the person or any combination of voting ownership and/or one or more agreements that together afford control of the management and policies of such person.

"**Ancillary Business Operations**" is defined in Subsection 6(c) of this Agreement.

"**Business Day**" means any day other than Saturday, Sunday or a legal United States holiday.

"**Claim" or "Claims**" for purposes of indemnification, the reference to "claims and liabilities" (collectively called "**Claims**" and individually called a "**Claim**") means all obligations and damages (actual, consequential, exemplary, or other) suffered as a result, and costs reasonably incurred in the defense, of any claim asserted against any of the indemnified parties, including, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration, or alternative dispute resolution, and travel and living expenses.

"**Competitive Business**" means (i) a gymnasium, an athletic or fitness center, a health club, an exercise or aerobics facility, or one or more similar facilities or businesses, or an entity that grants franchises or licenses for any of these types of businesses; or (ii) any business in which Confidential Information could be used to the disadvantage of us, our Affiliates or other ORANGE THEORY® franchisees.

"**Computer System**" means the computer hardware, dedicated telephone and power lines, modems, other computer-related accessories and peripheral equipment, software, and related technology that we periodically specify in accordance with this Agreement.

"**Confidential Information**" means certain information, processes, methods, techniques, procedures and knowledge, including know-how (which includes information that is secret and substantial), manuals and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by us, our predecessor, or our or its Affiliates relating directly or indirectly to the development or operation of an ORANGE THEORY® Facility. With respect to the definition of know-how, "**secret**" means that the know-how as a body or in its precise configuration is not generally known or easily accessible and "**substantial**" means information which is important and useful to you in developing and operating the Facility. Without limiting the foregoing, Confidential Information includes, but is not limited to:

(1) methods, techniques, equipment, specifications, standards, policies, procedures and information relating to the development, operation, and franchising of ORANGE THEORY® Facilities, including, without limitation, information in the ORANGE THEORY® design guidelines;

(2) knowledge of suppliers and specifications for certain materials, equipment and fixtures for ORANGE THEORY® Facilities;

(3) operating results and financial performance of ORANGE THEORY® Facilities other than your Facility;

(4) any and all marketing, promotional or training materials used in the operation of or relating to ORANGE THEORY® Facilities; and

(5) the System Standards and the Manuals.

"**Core Business Operations**" is defined in Subsection 6(c) of this Agreement.

"**Disability**" means the inability of a person to perform his or her normal responsibilities at the Facility for a consecutive period of at least ninety (90) days or for a total of one hundred eighty (180) days during any twelve (12) month period.

"**Facility**" or "**Facilities**" is defined in the Recitals to this Agreement.

"**Force Majeure**" means any event or condition beyond the reasonable control of the subject party, including, but not limited to, acts of God or a governmental authority.

"**Franchise**" means the rights expressly granted by us to you to operate one Facility at a Site using the Marks and the Systems pursuant to this Agreement.

"**Gross Sales**" means the total gross revenue from the provision of all products and services sold or performed by or for you or the Facility in, at, from or away from the Facility, or through or by means of the Facility's business, whether from cash, check, credit card, debit card, barter or exchange, or other credit transactions, and irrespective of the collection thereof, and including, without limitation, the following: (a) membership fees, including, without limitation, initiation fees, enrollment fees, processing fees, paid-in-full dues, renewal fees, corporate/third party payor fees, monthly dues and any fees or revenue generated and derived during any presales; (b) fees and charges for optional services; (c) fees charged to non-members using the Facility's services; (d) revenue derived from merchandise and product sales and other Core Business Operations and any Ancillary Business Operations that you or your Affiliate performs; and (e) payments (for example, rent and license fees) that Contractors make to you relating directly or indirectly to their performance of Ancillary Business Operations. Notwithstanding the foregoing, the following amounts will be deducted from "**Gross Sales**": (i) sales taxes, use taxes, and other similar taxes added to the sales price and collected from the customer and paid to the appropriate taxing authority; and (ii) any bona fide refunds and credits that are actually provided to customers. For the avoidance of doubt, Gross Sales does not include rent, license fees and other fees that you or your Affiliate receives in return for authorizing an unrelated third party contractor to operate an unrelated business (which is not part of the Core Business Operations or the Ancillary Business Operations) from part of the property on which the Facility is located (but not from the Facility itself), as long as the unrelated business has a separate street address and entrance that its customers must use without using any part of the Facility. Although Gross Sales is defined above, Gross Sales will be deemed recognized in accordance with generally accepted accounting principles in the United States.

"**Immediate Family**" means, with respect to an individual, that individual's natural or adoptive father, mother, brother, sister, son or daughter.

"**Initial Transfer Package**" means the initial letter and material that we send to you for you to complete and return to us, including, but not limited to, the letter of transmittal, transfer term worksheet, application package, current franchise disclosure document and Receipt (if applicable), and a copy of the letter of intent or purchase agreement between you and a proposed purchaser.

"**Innovations**" means all ideas, concepts, methods, techniques and products conceived or developed by you and/or any of your Affiliates, Owners, agents, representatives, contractors or employees during the Term relating to the development or operation of an ORANGE THEORY® Facility.

"**Mandatory Opening Date**" is identified in Exhibit A.

"**Manuals**" is defined in Subsection 4(d) of this Agreement.

"**Marks**" means the service mark "ORANGE THEORY®" and other trademarks, service marks, trade names and commercial symbols that we periodically specify, as we periodically modify them.

"**ORANGE THEORY® Branded Products**" means a representative supply of branded "ORANGE THEORY®" clothing and other consumer products that we determine from time to time to be appropriate for sale at the Facility or for use in approved promotions.

"**Owner**" means any person holding a direct or indirect, legal or beneficial Ownership Interest or voting rights in you or in any entity that directly or indirectly holds an Ownership Interest or voting rights in you.

"**Ownership Interest**" means: (a) in relation to a corporation, shares of capital stock or other equity interests in the corporation; (b) in relation to a limited liability company, membership interests or other equity interests in the limited liability company; (c) in relation to a partnership, a general or limited partnership interest; or (d) in relation to a trust, the ownership of the beneficial interest of such trust.

"**Royalty**" is defined in Subsection 5(b) of this Agreement.

"**Site**" means the location identified in Exhibit A of this Agreement.

"**Site Selection Area**" means the area identified in Exhibit A of this Agreement.

"**Successor Franchise**" means a right to operate a Facility at the Site or a substitute Site that we approve under our the terms and conditions for Successor Franchise in Section 2, with such Successor Franchise's term commencing immediately after the expiration of this Agreement.

"**System**" means the valuable and proprietary business formats and systems that we and our Affiliates have developed for use in developing and operating ORANGE THEORY® Facilities.

"**System Standards**" means mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for the development and operation of ORANGE THEORY® Facilities, subject to Subsections 6(a) and 6(b).

"**Term**" is defined in Subsection 1(b) of this Agreement.

"**Territory**" means the geographic area described in Exhibit A of this Agreement in which the Site is located.

"**Transfer**," whether used as a noun or a verb, includes, without limitation, your (or your Owners') voluntary, involuntary, direct, or indirect assignment, sale, gift, encumbering, pledge, delegation, or other disposition of this Agreement (or any interest in this Agreement), an Ownership Interest or other interest in you, or the Facility or any of its assets (including the equipment of the Facility).

"**Transfer Package Material**" means material requested by us to document and complete the Transfer, including, but not limited to, your buy/sell agreement, entity formation documents, and loan or financing agreements.

[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]

INTENDING TO BE LEGALLY BOUND, the parties have executed and delivered this Agreement to be effective as of the Effective Date, regardless of the dates listed below.

ULTIMATE FITNESS GROUP, LLC

By:_________________________________

Its:_________________________________

FRANCHISEE

____
Name of Franchisee

By:_________________________________
Name:_______________________________
Title:_______________________________

EXHIBIT A

SITE AND SITE SELECTION AREA
(Franchise Agreement Subsections 1(a) and 3(a))

The Site's address is:
____
____

If you have not yet located an approved Site as of the Effective Date, the Site will not be identified until you find and we approve the Site, as provided in Subsection 3(a), but you may look for the Site within the following Site Selection Area:

____
____
____

□ check box if map attached

However, notwithstanding the foregoing, such Site Selection Area excludes any area which is subject to territorial rights that we granted under any franchise agreement signed prior to the Effective Date, even if such area otherwise would be within the boundaries of the Site Selection Area as described above. The Site Selection Area is designated for the sole purpose of site selection and does not confer any territorial exclusivity or protection.

TERRITORY
(Franchise Agreement Subsection 1(a))

The Territory referred to in the Franchise Agreement will be as follows:

____
____
____
____

□ check box if map attached

ACTUAL OPENING DATE
(Franchise Agreement Subsection 3(e))

____________________________, 20____

MANDATORY OPENING DATE
(Franchise Agreement Subsection 3(a))

____________________________, 20____

EXHIBIT B

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

THIS AGREEMENT ("**Agreement**") made as of the ____ day of _____________, 20____, is by and between ____, ("**Franchisee**") (d/b/a an ORANGE THEORY® Franchise) and ____ ("**Individual**").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _______________, 20__ ("**Franchise Agreement**") by and between Franchisee and Ultimate Fitness Group, LLC ("**Company**"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any Competitive Business. The term "Competitive Business" means (i) a gymnasium, an athletic or fitness center, a health club, an exercise or aerobics facility, or one or more similar facilities, or an entity that grants franchises or licenses to others to operate any of these types of businesses; or (ii) any business in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees; provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a valid Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Trade Secrets and Confidential Information

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

(a) For the purposes of this Agreement, a "**Trade Secret**" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in ORANGE THEORY® Facilities that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(b) For the purposes of this Agreement "**Confidential Information**" means technical and non-technical information used in or related to ORANGE THEORY® Facilities that is not commonly

known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manuals and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

(c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

(a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

(b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in an ORANGE THEORY® Facility.

3. Non-Competition

(a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "ORANGE THEORY®" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with ORANGE THEORY® Facilities or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of ORANGE THEORY® Facilities.

(b) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business, wherever located, without the express written consent of Franchisee.

(c) For a period of two (2) years following the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business located or operating within a ten (10) mile radius of Franchisee's ORANGE THEORY® Facility or any other ORANGE THEORY® Facility (whether company-owned or franchised).

(d) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other ORANGE THEORY® Facility to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other ORANGE THEORY® Facility.

4. Reasonableness of Restrictions

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. Miscellaneous

(a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

(b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Florida (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

(c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving Broward County, Florida. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

(d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

(e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

(f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

(g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

(h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

(i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

(j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

(k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESS:	FRANCHISEE:
______________________________	______________________________
	By:______________________________
	Its:______________________________
WITNESS:	INDIVIDUAL:
______________________________	
	Signature:______________________________
	Printed Name:______________________________

EXHIBIT C TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

ULTIMATE FITNESS GROUP, LLC

FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010 (RESTATED)

LEVENSON, KATZIN & BALLOTTA, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

ULTIMATE FITNESS GROUP, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010 (RESTATED)

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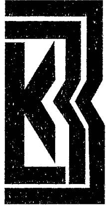

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Steven G. Rosen, CPA
Thomas Zimmerman, CPA

INDEPENDENT AUDITORS' REPORT

To the Members of
Ultimate Fitness Group, LLC
Ft. Lauderdale, Florida

We have audited the accompanying balance sheet of Ultimate Fitness Group, LLC (the "Company"), a Delaware limited liability company, as of December 31, 2011 and the related statements of operations and changes in members' capital, and cash flows, for the year ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Ultimate Fitness Group, LLC as of December 31, 2010 and for the year then ended were audited by other auditors whose restated report dated October 27, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ultimate Fitness Group, LLC as of December 31, 2011, and the results of its operations and its cash flows for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Levenson, Katzin and Ballotta, P.A.

LEVENSON, KATZIN & BALLOTTA, P.A.
Certified Public Accountants
April 29, 2012

ULTIMATE FITNESS GROUP, LLC
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010 (RESTATED)

ASSETS

	2011	2010 (Restated)
CURRENT ASSETS:		
Cash	$ 155,934	$ 2,111
Accounts receivable, franchisees	11,186	--
Notes receivable, area representatives	125,250	--
Prepaid expenses and other current assets	96,671	45,040
TOTAL CURRENT ASSETS	389,041	47,152
LONG-TERM ASSETS:		
Notes receivable, area representatives--net of current portion	80,000	--
Intangible assets, net	64,229	82,043
TOTAL LONG-TERM ASSETS	144,229	82,043
TOTAL ASSETS	$ 533,270	$ 129,195

LIABILITIES AND MEMBERS' CAPITAL

	2011	2010 (Restated)
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 70,281	$ 2,812
Due to related parties	8,606	4,135
Deferred income	598,000	81,500
TOTAL CURRENT LIABILITIES	676,887	88,447
COMMITMENTS AND CONTINGENCIES		
MEMBERS' CAPITAL	(143,617)	40,748
TOTAL LIABILITIES AND MEMBERS' CAPITAL	$ 533,270	$ 129,195

The accompanying notes are an integral part of these financial statements.

ULTIMATE FITNESS GROUP, LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS' CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (RESTATED)

	2011	2010 (Restated)
REVENUES:		
Master franchise	$ 400,007	$ -
Franchises	177,000	-
Area representatives	140,000	-
Royalties	95,860	-
Other	21,713	1,935
TOTAL REVENUES	834,580	1,935
COSTS OF REVENUES:		
Franchise fees paid to area representatives	166,400	-
Royalties paid to area respresentatives	30,070	-
Facilities opening	21,131	-
Other	15,840	-
TOTAL COSTS OF REVENUES	233,441	-
GROSS PROFIT	601,139	1,935
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	715,007	113,105
NET LOSS	(113,868)	(111,170)
CHANGES IN MEMBERS' CAPITAL:		
Members' capital beginning of year	40,748	74,900
Capital contributions	237,003	77,018
Capital distributions	(307,500)	-
Members' capital end of year	$ (143,617)	$ 40,748

The accompanying notes are an integral part of these financial statements.

ULTIMATE FITNESS GROUP, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010 (RESTATED)

	2011	2010 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (113,868)	$ (111,170)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization expense	17,814	7,025
Changes in assets and liabilities:		
Accounts receivable, franchisees	(11,186)	--
Notes receivable, area representatives	(205,250)	--
Prepaid expenses and other current assets	(51,630)	(45,040)
Accounts payable and accrued expenses	67,469	(2,678)
Due to related parties	4,471	12,188
Deferred income	516,500	81,500
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	224,320	(58,175)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disbursments for franchise development costs	--	(44,577)
NET CASH USED IN INVESTING ACTIVITIES	--	(44,577)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contributions	237,003	77,018
Capital distributions	(307,500)	--
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(70,497)	77,018
NET INCREASE (DECREASE) IN CASH	153,823	(25,734)
CASH, beginning of year	2,111	27,845
CASH, end of year	$ 155,934	$ 2,111

The accompanying notes are an integral part of these financial statements.

NOTE A. ORGANIZATION

Ultimate Fitness Group, LLC (the "Company") is a Delaware Limited Liability Company formed on August 4, 2009. The Company's primary business is as a franchisor. The Company provides to its franchisees the ability to develop and operate health and fitness centers under a comprehensive system developed by the Company and its affiliates. ORANGE THEORY Facilities ("Facility or Facilities") operate as a contemporary health and fitness facility identified by an orange color scheme and trade dress, offering members access to exercise equipment, including cardio and strength equipment and other related services and ancillary merchandise related to the ORANGE THEORY concept. The Company conducts its franchise operations from its offices in Ft. Lauderdale, Florida. At December 31, 2011, the Company has 24 franchise agreements in place for 12 opened and 12 signed but not opened Facilities located in the states of Florida, Colorado, Pennsylvania, New York, Arizona and Minnesota. In addition, the Company has 7 area representative agreements covering territories in Florida, Colorado, Pennsylvania, New York, New Jersey, Arizona and Minnesota.

The Company is governed by an LLC operating agreement entered into by the three founding LLC members, which was amended during February 2011 to include the admission of a fourth member of the Company (See Note D).

NOTE B. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The following is a summary of significant accounting policies consistently followed by the Company in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America ("GAAP"), which require management to make estimates and assumptions that affect the reported amounts, contingent assets and liabilities, and disclosures in the financial statements. Actual results could differ from those estimates. Significant estimates include the considerations of impairment over long-lived assets and revenue recognition over sales of rights to develop geographic areas. Management has considered the circumstances under which the Company should recognize or make disclosures regarding events or transactions occurring subsequent to December 31, 2011 and through April 29, 2012, which represents the date the financial statements were issued. Adjustments or additional disclosures, if any, have been included in these financial statements.

1. Franchise Operations, Revenue Recognition, Credit Risks, and Concentrations

Individual Franchise Facility Revenue: The initial franchise fee ranging from $29,500 ($22,500 for the second or per subsequent locations opened) is due upon signing the franchise agreement and is nonrefundable. The franchisee fee is payment, in part, for expenses incurred by the Company for assistance and services provided to the franchisees. In accordance with GAAP, any initial franchise fee received is deferred, and recognized as income at the time all services required by the Company have been performed and the Facility has been opened by the franchisee. Incremental costs associated with the services provided to the franchisee are also deferred until the fitness center has been opened by the franchisee.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The basic terms of the franchise agreements are as follows: the initial franchise fee is due upon the signing of the agreement, royalty fees are due weekly and are equal to six (6%) percent of gross sales for the previous week ending on Sunday, the initial term of the agreement is ten years with one (1) renewal option for an additional ten (10) years subject to certain conditions and a renewal fee, and the location of the Facility must to be pre-approved. The Company will provide initial training, location selection guidelines, development and opening assistance, and ongoing training, among other things. During the years ended December 31, 2011 and 2010, the Company sold 21 and three (3) new Facilities, respectively.

Area Representative Revenue: The Company also offers Franchisees who meet certain qualifications the right to operate an area representative business in a defined geographical territory as an Area Representative. Area Representatives solicit and screen prospective franchisees for the right to own and operate ORANGE THEORY Facility franchises under franchise agreements which are between the Company and the franchisee (the Area Representative is not a party). The Initial Area Representative Fee ("Initial AR Fee") ranges from $50,000 to $600,000 and is primarily dependent on the size of the territory granted to the Area Representative. The Initial AR Fee includes the opening of one Pilot Facility at no additional charge to the Area Representative. The Initial AR fee is payment for similar expenses incurred by the Company under its individual franchised facilities and the right to develop Facilities in a defined geographic area for a term of 10 years. The Company provides other training for Area Representatives upon the completion of their individual franchised facility training. There is no other assistance provided to the Area Representatives beyond the opening of the Area Representative's Pilot Facility. In accordance with GAAP, the Company recognizes revenue from area representative agreements similar to that of its individual franchise sales and, generally, coincides with the Area Representative's opening of its Pilot Facility. Incremental costs associated with the services provided to the Area Representative are also deferred until the fitness center has been opened by the franchisee.

Area representative agreements, among other provisions, require the Company to pay 40% to 50% of Initial Franchise Fees ($14,750 or $11,250) received from when a franchise is sold in the Area Representative's respective territory. The Area Representative also receives 33% of royalties collected from the franchisees in the Area Representative's respective territory. During the year ended December 31, 2011, the Company sold four (4) new area representative businesses. At December 31, 2010, three (3) area representative businesses were in existence.

At December 31, 2011 and 2010, the Company has deferred revenues of $598,000 and $81,500, respectively, and deferred costs of $89,250 and $41,150, respectively, related to its franchise and area representative agreements in connection with Facilities under development. Deferred costs are included as part of prepaid expenses and other current assets on the accompanying balance sheets. Total franchise fees and royalties incurred for Area Representatives during the years ended December 31, 2011 amounted to $166,400 and $30,070, respectively. There were no amounts paid to areas representative during the year ended December 31, 2010.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Master Franchising Agreement: In November 2011, the Company entered into a Master Franchising Agreement with a Canadian company (the "Master Franchisee") granting the Master Franchisee the exclusive right and license to develop the ORANGE THEORY concept in all of Canada for an initial term of 10 years. At the end of the initial 10 years the Master Franchisee may renew the agreement based on conditions outlined in the Master Franchising Agreement. The Company is obligated to provide certain training, marketing materials and initial support to the Master Franchisee. Once the Company performs the initial duties outlined in the Master Franchising Agreement it has no further obligation of support to the Master Franchisee. Under the terms of the Master Franchise Agreement, the Master Franchisee pays the Company a portion of the initial franchise and area representative fees received. In accordance with GAAP, the Company recognizes fees associated with the Master Franchise Agreements as income at the time all services required by the Company have been substantially performed.

Royalty Revenue: Royalty revenue from Facilities is recognized as earned by the Company when due. The Company is receiving substantially all of its revenues from a limited number of franchisees, resulting in a significant concentration of revenue sources. Accordingly, accounts receivable are also due from a limited number of franchisees. The Company's franchisees are currently primarily located in Florida where there are seven (7) Facilities. Consequently, the operations of the Company are affected by fluctuations in the Florida economy, and state and federal regulatory environments..

Allowance for Doubtful Accounts and Notes Receivable: Management analyzes and adjusts the allowance for doubtful accounts based on the estimated collectability of trade accounts and notes receivable. Trade accounts receivable are comprised of outstanding royalties due from franchisees. Notes receivable are comprised of amounts due from Area Representatives for payment of their Initial AR Fee. At December 31, 2011, the Company has outstanding notes receivable from three (3) Area Representatives. Management determines that an account or note needs to be reserved for depending on the aging of the individual balances receivable, recent payment history, contractual terms of related agreements and other qualitative factors such as status of business relationship with the franchisees and Area Representatives. Trade accounts and notes receivable balances are considered past due based on contractual terms. At December 31, 2011, no amounts were considered past due based on the underlying contractual terms. Provisions for estimated credit losses are recorded in the financial statements. Trade account and notes receivable balances are written off in the fiscal year when all legal collection procedures have been exhausted. At December 31, 2011 and 2010, management believes that no allowance for doubtful accounts receivable was necessary.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

2. Franchise Development Costs

The Company capitalized certain design and development costs associated with the Company's development of its ORANGE THEORY concept. These costs were capitalized until the franchise program was completed and the first franchise was sold. The first franchise was sold during 2010. The franchise development costs are being amortized over a five-year period utilizing the straight-line method. Accumulated amortization as of December 31, 2011 and 2010 amounted to $24,839 and $7,025, respectively.

Future amortization expense of franchise developments costs is expected to be as follows for the years ending December 31,:

2012	$ 17,814
2013	17,814
2014	17,814
2015	10,789
	$ 64,229

3. Cash And Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with an original maturity of three months or less are considered cash equivalents. At December 31, 2011 and 2010, all amounts were held in cash accounts at a national bank. The Company may periodically maintain cash balances with financial institutions that are in excess of the federally insured limits.

4. Advertising

The Company expenses advertising costs to operations in the year incurred. These advertising costs are for expenses related to advertising, marketing and promotion of the sale of franchises. Advertising expense incurred by the Company for the fiscal years ended December 31, 2011 and 2010 amounted to approximately $98,915 and $17,700, respectively.

5. Fair Value Measurements

The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a non-recurring basis, based on the fair value hierarchy established in by GAAP. The Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy. The three levels are as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

- Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 includes unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including our own data.

December 31, 2011:

	Frequency	Asset (Liability)	Valuation Technique	Level 1	Level 2	Level 3
Franchise development costs	Non-recurring	$ 64,229	Income/cash flows	-	-	$ 64,229
	Totals	$ 64,229		$ -	$ -	$ 64,229

December 31, 2010:

	Frequency	Asset (Liability)	Valuation Technique	Level 1	Level 2	Level 3
Franchise Development costs	Non-recurring	$ 82,043	Income/cash flows	-	-	$ 82,043
	Totals	$ 82,043		$ -	$ -	$ 82,043

6. Income Taxes

The Company is not subject to federal income taxes. Each member is responsible for the tax liability, if any, related to its proportionate share of the Company's taxable income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Any state minimum or franchise taxes due are generally accrued as incurred. Management of the Company has concluded that the Company is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Company does not expect that unrecognized tax benefits will increase within the next twelve months. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing. The Company's tax returns for 2009 and 2010 are currently subject to examination.

7. Statement of Comprehensive Loss

A statement of comprehensive loss is not presented since the Company has no items of other comprehensive loss. Comprehensive loss is the same as net loss for the periods presented herein.

NOTE C. RELATED PARTY TRANSACTIONS

The Company utilizes certain employees and services of an affiliate for which the Company is charged its allocable share of the costs incurred by the affiliate. Total costs incurred by the Company from the affiliate amounted to approximately $206,000 and $25,000 for the years ended December 31, 2011 and 2010, respectively. In addition, the Company paid the affiliate a management fee for certain rent and overhead costs. Total costs incurred by the Company for management fees from the affiliate amounted to approximately $115,000 and $12,000 for the years ended December 31, 2011 and 2010, respectively. At December 31, 2011 and 2010, amounts due to related parties and affiliates totaled $8,606 and $4,135, respectively. Amounts are non-interest bearing and are due on demand.

A company owned by three of the four members of the Company is an Area Representative for the tri-county area of Miami-Dade, Broward and Palm Beach Counties. The terms of the area representative agreement are similar to those agreements with unrelated parties.

A company owned by one member of the Company is an Area Representative for a territory covering Tampa, Florida. As a member of the Company, this Area Representative was granted the ability to open up to 10 stores without the requirement to pay a franchise fee to the Company (Note D).

An affiliate of the Company owns a Facility located in Ft. Lauderdale, FL. This location is not considered a Franchisee and does not pay royalties to the Company.

NOTE D. LIMITED LIABILITY COMPANY AGREEMENT

In February 2011 the Company entered into a subscription agreement where in exchange for a capital contribution of $200,000 the new member of the Company received a minority interest in the Company. In March 2011, the Company's limited liability operating agreement (the "Operating Agreement") was amended in conjunction with the admittance of the fourth member. The terms of the Operating Agreement amendment included ability of members to appoint managers of the Company, limitations on salaries of members, and the ability of certain members of the Company to open Facilities without paying the initial franchise fee for a period of time.

NOTE E. COMMITMENTS AND CONTINGENCIES

Legal: The Company may be involved in legal matters arising in the ordinary course of its business that, in the opinion of management, will not have a material adverse effect on the Company's financial position or results of operations.

Facilities under development: At December 31, 2011, the Company has outstanding franchise agreements for twelve (12) new Facilities that are being developed and have not yet opened (Note A).

ULTIMATE FITNESS GROUP, LLC

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FINANCIAL STATEMENTS

FOR THE YEAR
ENDED
DECEMBER 31, 2009

ULTIMATE FITNESS GROUP, LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

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CERTIFIED PUBLIC ACCOUNTANTS

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FAX: (631) 226-5151

August 5, 2010

INDEPENDENT AUDITOR'S REPORT

Ultimate Fitness Group, LLC
1815 Cordova Road - Suite 206
Fort Lauderdale, FL 33316

Gentlemen:

We have audited the accompanying balance sheet of Ultimate Fitness Group, LLC as at December 31, 2009 and the related statements of revenue, expenses & changes in members' capital and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ultimate Fitness Group, LLC as of December 31, 2009 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Very truly yours,

Landau Arnold Laufer

Landau Arnold Laufer LLP

Members:
American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

ULTIMATE FITNESS GROUP, LLC

BALANCE SHEET

AS AT DECEMBER 31, 2009

ASSETS

Current Assets		
Cash & Cash Equivalents	$	27,845
Due From Affiliates		8,053
Total Current Assets		35,898
Other Assets		
Intangible Assets, Net of Accumulated Amortization (Note 3)		44,492
Total Assets	$	80,390

LIABILITIES & MEMBERS' CAPITAL

Liabilities		
Accounts Payable & Accrued Expenses	$	5,490
Total Liabilities		5,490
Members' Capital		74,900
Total Liabilities & Members' Capital	$	80,390

See accountant's report and notes to financial statements.

ULTIMATE FITNESS GROUP, LLC

STATEMENT OF REVENUE, EXPENSES & CHANGES IN MEMBERS' CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2009

Members' Capital - Beginning of Year	$ -
Contributed Capital	74,900
Members' Capital - End of Year	$ 74,900

Operations have not commenced as of December 31, 2009.
The business is still in it's start-up phase.

See accountant's report and notes to financial statements.

ULTIMATE FITNESS GROUP, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009

Cash Flows From Operating Activities		
Revenue Over Expenses	$	-
Adjustments to Reconcile Net Income To Net Cash Provided By Operating Activities:		
Changes in Assets & Liabilities:		
(Increase) in Accounts Receivable		(8,053)
Increase in Accounts Payable		5,490
Net Cash (Used In) Operating Activities		(2,563)
Cash Flows From Investment Activities		
Purchases of Intangible Assets		(44,492)
Net Cash (Used In) Investment Activities		(44,492)
Cash Flows From Financing Activities		
Capital Contributions		74,900
Net Cash Provided By Financing Activities		74,900
Net Increase in Cash		27,845
Cash & Cash Equivalents At Beginning of Year		-
Cash & Cash Equivalents At End of Year	$	27,845

See accountant's report and notes to financial statements.

NOTE 1 - Nature of Business

Ultimate Fitness Group LLC (UFG), a Delaware limited liability company, is primarily engaged in franchising gym locations that provide a unique group workout. The science of the program is Excess Post-exercise Oxygen Consumption (EPOC), that involves interval training and short bursts of intense exercise that add hours of extra calorie burning throughout the day. As of December 31, 2009, UFG is in the process of finalizing their Uniform Franchise Offering Circulars (UFDD) with the State of Florida.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

A one-time franchise fee is charged at the time a license is sold. The license fees are non-refundable after 14 days. The license fee revenue will be recognized after the non-refundable period or opening of the facility, whichever comes first.

A monthly royalty and advertising fee is calculated based on a percentage of sales for that period. The current percentages that will be charged are 6% and 1%, respectively. In addition there will be fees associated with the software used within each location. Revenues related to royalty, advertising and software will be recognized at the time the funds are received.

There was no franchise, royalty or advertising income for the year ended December 31, 2009.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Start Up Costs

The Company incurred start-up costs consisting of legal, organizational, advertising and administrative expenses. These costs will be amortized by the straight-line method over a period of 60 months in the year operations commence.

ULTIMATE FITNESS GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 3 - OTHER ASSETS

Intangible Assets

Intangible assets as of December 31, 2009 consisted of the following:

Start-Up Costs	$ 44,492
Less: Accumulated Amortization	-
Net Asset Value	$ 44,492

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at one bank, Bank of America, N.A. The bank accounts at the institutions are insured up to $250,000 by the Federal Deposit Insurance Company (FDIC). The cash balance did not exceed at any time the insured limit of $250,000 for the year 2009. Management regularly monitors the financial institutions and keeps this potential risk to a minimum.

NOTE 5 - COMMITMENTS

In lieu of any rent, a management fee in the amount of $2,000 per month will commence in 2010.

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED SOME OF THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

ULTIMATE FITNESS GROUP, LLC
Balance Sheet
As of March 31, 2012

		Mar 31, 12
ASSETS		
Current Assets		
Checking/Savings		
Cash		
Chase-2615	11,193.64	
Chase Drafting-1952	7,314.48	
Overdraft Protection	1,000.00	
UFG Debit - 3785	10,999.80	
Total Cash		30,507.92
Total Checking/Savings		30,507.92
Accounts Receivable		
Accounts Receivable		135.40
Total Accounts Receivable		135.40
Other Current Assets		
Due from Others		130.00
Intercompany Loans		
Due to/from Ascente - Unified	643.77	
Due to/from DJL3 Enterprises	-2,178.12	
Due to/from Kerntown Management	63.00	
Due to/from MJ Ventures	31.36	
Due to/from OTF South Florida R	813.06	
Due to/from UFG Location 1	136.62	
Total Intercompany Loans		-490.31
Inventory		4,272.46
Note Receivable		
Orange Fitness, LLC (Minnesota)	55,250.00	
OTF Philadelphia, LLC	80,000.00	
Silver Arrow, LLC (Colorado)	62,625.00	
Total Note Receivable		197,875.00
Total Other Current Assets		201,787.15
Total Current Assets		232,430.47
Other Assets		
Depreciation and Amortization		
Accumulated Amortization	-25,581.95	
Total Depreciation and Amortization		-25,581.95
Intangible Assets		
Start Up Cost	70,252.31	
Trademark	18,815.85	
Total Intangible Assets		89,068.16
Other Assets		
Prepaid Expense - Fra n Sales		
0007 - TBD AZ (Dave Lovell)	11,250.00	
0012 - TBD Boca Orange 2	11,250.00	
0015 - Aventura	11,250.00	
0022 - Pinecrest	14,750.00	
0025 - Paradise Valley	14,750.00	
0029 - TBD Colorado	14,750.00	
Total Prepaid Expense - Fra n Sales	78,000.00	
Total Other Assets		78,000.00
Total Other Assets		141,486.21
TOTAL ASSETS		**373,916.68**

ULTIMATE FITNESS GROUP, LLC
Balance Sheet
As of March 31, 2012

			Mar 31, 12
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable			6,407.15
Total Accounts Payable			6,407.15
Other Current Liabilities			
Accrued Payroll			5,074.81
Deferred Revenue			
Area Representative			
Philadelphia/South Jersey	200,000.00		
Total Area Representative		200,000.00	
Franchisee			
0007 - TDB AZ (Dave Lovell)	22,500.00		
0012 - TDB Boca Orange 2	22,500.00		
0015 - Aventura	22,500.00		
0022 - Pinecrest	29,500.00		
0025 - Paradise Valley	29,500.00		
0029 - TBD Colorado	29,500.00		
Total Franchisee		156,000.00	
Total Deferred Revenue			356,000.00
Total Other Current Liabilities			361,074.81
Total Current Liabilities			367,481.96
Total Liabilities			367,481.96
Equity			
Member Equity - DL (28.33%)			
Member Contributions - DL		33,580.83	
Member Distributions - DL		-102,500.00	
Member Earnings - DL		13,582.78	
Total Member Equity - DL (28.33%)			-55,336.39
Member Equity - EL (28.33%)			
Member Contributions - EL		33,580.82	
Member Distributions - EL		-102,500.00	
Member Earnings - EL		13,582.78	
Total Member Equity - EL (28.33%)			-55,336.40
Member Equity - JK (28.33%)			
Member Contributions - JK		33,580.85	
Member Distributions - JK		-102,500.00	
Member Earnings - JK		13,582.78	
Total Member Equity - JK (28.33%)			-55,336.37
Member Equity - TB (15%)			
Member Contributions - TB		200,000.00	
Total Member Equity - TB (15%)			200,000.00
Retained Earnings			-73,867.94
Net Income			46,311.82
Total Equity			6,434.72
TOTAL LIABILITIES & EQUITY			**373,916.68**

ULTIMATE FITNESS GROUP, LLC
Profit & Loss
January through March 2012

	Jan - Mar 12	% of Income
Ordinary Income/Expense		
Income		
Area Rep License Fees	190,000.00	53.6%
Franchise Sales	81,500.00	23.0%
MBO Software Income	9,366.00	2.6%
Royalty Income	73,423.61	20.7%
Total Income	354,289.61	100.0%
Cost of Goods Sold		
Commissions Paid	40,750.00	11.5%
MBO Software Fees	5,590.00	1.6%
Royalties Paid	26,357.86	7.4%
Studio Launch	3,601.28	1.0%
Total COGS	76,299.14	21.5%
Gross Profit	277,990.47	78.5%
Expense		
General Operating Expenses		
Background Screening - Corp	282.91	0.1%
Bank Service Charges	225.00	0.1%
Computer & Software	1,362.30	0.4%
Dues and Subscriptions	20.00	0.0%
Franchisee & AD Training	845.39	0.2%
General Liability Insurance	1,236.91	0.3%
Gifts	245.81	0.1%
Janitorial	646.60	0.2%
Licenses and Permits	3,610.75	1.0%
MBO Software Support/Reporting	1,194.00	0.3%
Office Expense	3,124.93	0.9%
Operating Supplies	128.66	0.0%
Postage and Delivery	344.17	0.1%
Professional Fees - Accounting	8,990.00	2.5%
Professional Fees - Consulting	13,400.00	3.8%
Professional Fees - Legal	17,486.52	4.9%
Rent	17,855.70	5.0%
Repairs & Maintenance	840.30	0.2%
Studio Support	681.43	0.2%
Telephone/Internet Expense	2,982.71	0.8%
Utilities	1,017.13	0.3%
Total General Operating Expenses	76,521.22	21.6%
Personnel Expenses		
Contiuning Ed/Training	2,206.73	0.6%
Employee Incentives	64.24	0.0%
Health Insurance	14,560.53	4.1%
Meals	199.46	0.1%
Payroll Management Fees	16,861.30	4.8%
Payroll Processing Fees	162.60	0.0%
Payroll Taxes	129.43	0.0%
Salaries - Accounting	10,384.62	2.9%
Salaries - Human Resources	4,200.96	1.2%
Salaries - IT	3,728.64	1.1%
Salaries - Legal	12,177.45	3.4%
Salaries - Operations	41,364.48	11.7%
Salaries - Training	23,107.68	6.5%
Workers Compensation	115.70	0.0%
Total Personnel Expenses	129,263.82	36.5%

ULTIMATE FITNESS GROUP, LLC
Profit & Loss
January through March 2012

	Jan - Mar 12	% of Income
Sales & Marketing		
AD Agency/Social Media/Newslett	6,311.00	1.8%
Creative Design	6,405.50	1.8%
Direct Marketing	5,876.73	1.7%
Natl WCL Events	2,500.00	0.7%
Promotional Items & Printing	485.00	0.1%
Website & Design	750.00	0.2%
Total Sales & Marketing	22,328.23	6.3%
Total Expense	228,113.27	64.4%
Net Ordinary Income	49,877.20	14.1%
Other Income/Expense		
Other Expense		
Depreciation & Amortization		
Amortization Expense	743.19	0.2%
Total Depreciation & Amortization	743.19	0.2%
Other Misc. General Operating		
Automobile Expense	475.20	0.1%
Meals & Entertainment	167.33	0.0%
Travel Expense	2,179.66	0.6%
Total Other Misc. General Operating	2,822.19	0.8%
Total Other Expense	3,565.38	1.0%
Net Other Income	-3,565.38	-1.0%
Net Income	**46,311.82**	**13.1%**

EXHIBIT D TO THE DISCLOSURE DOCUMENT

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES

CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS
AND LISTINGS AND INTERNET ADDRESSES

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND LISTINGS AND INTERNET ADDRESSES (this "**Assignment**") is effective as of _______________, 20__, between ULTIMATE FITNESS GROUP, LLC, a Delaware limited liability company with its principal place of business at 1815 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316 ("**Franchisor**," "**we**," "**us**" or "**our**") and ____, whose current place of business is ____ ("**Franchisee**," "**you**" or "**your**"). You and we are sometimes referred to collectively as the "**parties**" or individually as a "**party.**"

BACKGROUND INFORMATION:

We have simultaneously entered into the certain Franchise Agreement (the "**Franchise Agreement**") dated as of _____________, 20___ with you, pursuant to which you plan to own and operate an ORANGE THEORY® fitness facility (the "**Facility**"). The Facilities use certain proprietary knowledge, procedures, formats, systems, forms, printed materials, applications, methods, specifications, standards and techniques authorized or developed by us (collectively the "**System**"). We identify Facilities and various components of the System by certain trademarks, trade names, service marks, trade dress and other commercial symbols (collectively the "**Marks**"). In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers and listings and internet addresses of the Facility if the Franchise Agreement is terminated.

OPERATIVE TERMS:

You and we agree as follows:

1. **Background Information**: The background information is true and correct. This Assignment will be interpreted by reference to the background information. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

2. **Conditional Assignment**: FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor: (a) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the "**Telephone Numbers and Listings**"); and (b) those certain Internet website addresses ("**URLs**") associated with Franchisor's trade and service marks and used from time to time in connection with the operation of the Facility at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as "**Telephone Company**") and/or Franchisee's Internet service provider ("**ISP**") to effectuate the assignment pursuant to the terms hereof. Upon termination or expiration of the Franchise Agreement (without extension) for any reason, Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and the URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

3. **Power of Attorney**: Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and the URLs, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and the URLs to Franchisor, Franchisor shall direct the Telephone Company and the 1SP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor's written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Telephone Numbers and Listings and the URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company's and ISP' s receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

4. **Indemnification**: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Telephone Company and/or ISP.

5. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns.

6. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Telephone Company and/or ISP.

7. **Attorney's Fees, Etc.**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "**attorneys' fees**" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

8. **Severability**: If any of the provisions of this Assignment or any section or subsection of this Assignment are held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected, and will remain in full force and effect in accordance with its terms.

9. **Governing Law and Forum**: This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Broward County, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

YOU:

____

By:__________________________________
Print Name:___________________________
Title:________________________________
Date:________________________________

By:__________________________________
Print Name:___________________________
Date:________________________________

By:__________________________________
Print Name:___________________________
Date:________________________________

US:

ULTIMATE FITNESS GROUP, LLC

By:__________________________________
Print Name:___________________________
Title:________________________________
Date:________________________________

EXHIBIT E TO THE DISCLOSURE DOCUMENT

FORM OF ADDENDUM TO LEASE AGREEMENT

ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO LEASE AGREEMENT (this "**Addendum**") is effective as of _______________, 20__ (the "**Effective Date**"), and is being signed simultaneously with the Lease (the "**Lease**") dated ______________________, 20__ between _____________________________________ (the "**Franchisee**" or "**Tenant**") and ___________________________________ (the "**Landlord**") for the real property commonly known as ____ ______________ (the "**Premises**").

1. **Incorporation and Precedence**. This Addendum is incorporated into the Lease and supersedes any conflicting provisions in it. Capitalized terms not otherwise defined in this Addendum have the meanings as defined in the Lease.

2. **Background**. The Tenant will operate an ORANGE THEORY® Facility at the Premises under a Franchise Agreement dated __________, 20__ (the "**Franchise Agreement**") with Ultimate Fitness Group, LLC (the "**Franchisor**"). By entering into a franchise relationship with the Franchisor, the Tenant has agreed to grant the Franchisor a security interest in the Lease, all of the furniture, fixtures, inventory and supplies located in the Premises as collateral for: (a) the payment of any obligation, liability or other amount owed by the Tenant or its affiliates to the Franchisor under the Franchise Agreement. The Franchise Agreement also requires that the Lease contain certain provisions that the Tenant is requesting the Landlord to include.

3. **Marks**. The Tenant has the right to display the trade and service marks set forth on Exhibit "A" to this Addendum and incorporated by reference herein in accordance with the specifications required by the Franchisor, subject only to the provisions of applicable law, for the term of the Lease.

4. **Easement.** The Landlord grants to the Tenant during the term of the Lease a non-exclusive right and easement over that portion of the property as may be required by the Tenant to improve, renovate, repair, replace and maintain the Premises or replace its signage or its panel on the pylon sign for the property. The Tenant has the right to change or alter the signage at any time during the term of the Lease provided the signage is in compliance with all applicable governmental codes and regulations. The signage may include: (a) signage on the exterior front wall of the Premises; (b) signage on another exterior portion of the Premises; (c) a separate pylon sign on the property; (d) separate signage on the property, (e) a panel on the pylon sign for the property; and (f) other signage which may be required by the Franchisor or agreed upon by the Landlord and the Tenant.

5. **Access to Premises**. During the term of the Lease, the Landlord and Tenant acknowledge and agree that the Franchisor will have unrestricted access to the Premises to inspect the Facility Premises and Tenant's business operations in accordance with the Franchise Agreement.

6. **Copies of Reports**. The Landlord agrees to provide copies of all revenue and other information and data in Landlord's possession related to the operation of the Tenant's ORANGE THEORY® Facility on a timely basis as the Franchisor may request, during the term of the Lease.

7. **Notice of Default**. The Landlord will give written notice to the Franchisor (concurrently with the giving of such notice to the Tenant) of any defaults (a "**Default**") by the Tenant under the Lease by certified mail, return receipt requested, or by nationally recognized overnight courier service, at the following address or to such other address as the Franchisor may provide to Landlord from time to time:

Ultimate Fitness Group, LLC
1815 Cordova Road, Suite 206
Fort Lauderdale, FL 33316
Attention: Randy Sue Valove

Such notice will grant the Franchisor the right, but not the obligation, to cure any Default, if the Tenant fails to do so, within 15 days after the expiration of the period in which the Tenant may cure the Default under the Lease.

8. **Franchisor's Assumption of Lease**. In the event of a default of the Lease by Tenant or the default of the Franchise Agreement by Tenant, and upon written notice by the Franchisor to have the Lease assigned to the Franchisor as lessee (the "**Assignment Notice**"), (i) the Franchisor will become the lessee of the Premises and will be liable for all obligations under the Lease arising after the date of the Assignment Notice and (ii) the Landlord will recognize the Franchisor as the lessee of the Premises effective as of the date of the Assignment Notice.

9. **Default Under Franchise Agreement**. Any Default under the Lease which is not cured by Tenant within any applicable cure period also constitutes grounds for termination of the Franchise Agreement.

10. **Non-Disturbance**. So long as the Lease term continues and the Tenant is not in Default under the Lease, the Tenant's use, possession and enjoyment of the Premises will not be interfered with by any lender of the Landlord or any other person. The Landlord agrees to use its best efforts to obtain prior to commencement of the Lease any documents necessary to ensure the foregoing, including a Subordination, Non-Disturbance and Attornment Agreement or similar agreement.

11. **Amendment.** The Landlord and the Tenant will not cancel, terminate, modify or amend the Lease including, without limitation, the Franchisor's rights under this Addendum, without the Franchisor's prior written consent.

12. **Benefits and Successors.** The benefits of this Addendum inure to the Franchisor and to its successor and assigns.

13. **Remaining Provisions Unaffected**. Those parts of the Lease that are not expressly modified by this Addendum remain in full force and effect.

Intending to be bound, the Landlord and the Tenant sign and deliver this Addendum effective on the Effective Date, regardless of the actual date of signature.

THE "Landlord":

____
Address:________________________________
____
Phone;_________________________________

By:____________________________________
Name:__________________________________
Title:__________________________________
Date:__________________________________

THE "Tenant":

____
Address:________________________________
____
Phone:_________________________________

By:____________________________________
Name:__________________________________
Title:__________________________________
Date: _________________________________

EXHIBIT "A"

Marks

ORANGE THEORY®

OT FIT®

EXHIBIT F TO THE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATIONS MANUAL

CONFIDENTIAL OPERATIONS MANUAL

SECTION	BEGINNING PAGE	TOTAL PAGES
What is Orange Theory®	1	2
Studio Location Selection	3	2
Specification Manual	5	38
Fitness Equipment Specs	43	2
Furniture Fixtures Equipment	45	4
Hardware/POS Specs	49	4
Fitness Coach Recruiting	53	4
Sales Associate Recruiting	57	2
Marketing	59	12
Pre-Opening	71	2
Contest Manual	73	6
Grand Opening	79	2
Sales Associate Manual- Orange BOOK	81	133
Forms	214	20
Scheduling	234	2
Policies and Procedures/ Front Desk Orientation	263	29
Train the Trainer	292	4
Managing Your Location	296	22
Sales Training	318	9
MBO- Mind Body Online Software Training	327	34
Required Vendors	361	2

EXHIBIT G TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA AND RIDERS

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
ULTIMATE FITNESS GROUP, LLC
STATE OF CALIFORNIA

The following paragraphs are added to the Disclosure Document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF CORPORATIONS. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF CORPORATIONS at www.corp.ca.gov.

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.

The following paragraph is added to Item 1 of the Disclosure Document:

Initial franchise fees are deferred until the Franchisor has performed all initial obligations owed the Franchisee and the Franchisee has commenced doing business. This financial assurance requirement is imposed by the California Secretary of State based on our financial condition.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration is to occur at the office of the American Arbitration Association in Fort Lauderdale, Florida with costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

ADDENDUM TO THE
ULTIMATE FITNESS GROUP, LLC
MARYLAND DISCLOSURE DOCUMENT

1. Item 17 is amended by adding the following language after the table:

   (a) You may sue in Maryland for claims arising under the Maryland franchise registration and disclosure law (the "**Maryland Law**"). Any claims arising under the Maryland law must be brought within 3 years after the grant of the franchise.

   (b) The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)

   (c) Pursuant to COMAR 02.02.08.16L, any General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Maryland law.

2. Our Standard form of Release is attached to this Addendum.

FORM OF RELEASE

The following is our current general release form that we expect to include in a release that a franchisee, developer, and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

THIS RELEASE is given by ________________ and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the "**Franchisee**"), to ULTIMATE FITNESS GROUP, LLC and all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, the "**Franchisor**").

Effective on the date of this Release, the Franchisee forever releases and discharges the Franchisor from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature or kind, in law or in equity, which the Franchisee now has or ever had against the Franchisor, including without limitation, anything arising out of that certain Franchise Agreement dated ________________ (the "**Agreement**"), the franchise relationship between the Franchisee and the Franchisor, and any other relationships between the Franchisee and the Franchisor; except the Franchisor's obligations under the Agreement dated effective ______________. This Release is effective for: (a) any and all claims and obligations, including those of which the Franchisee is not now aware; and (b) all claims the Franchisee has from anything which has happened up to now.

The Franchisee is bound by this Release. The Franchisee freely and voluntarily gives this Release to the Franchisor for good and valuable consideration and the Franchisee acknowledges its receipt and sufficiency.

The Franchisee represents and warrants to the Franchisor that the Franchisee has not assigned or transferred to any other person any claim or right the Franchisee had or now has relating to or against the Franchisor.

In this Release, each pronoun includes the singular and plural as the context may require.

This Release is governed by Florida law.

This Release is effective __________________ notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned execute this Release:

____

____

Date:_______________________________

STATE OF ____________________
COUNTY OF __________________

The foregoing instrument was acknowledged before me this _______________, 201__. , by__________ ______, who is personally known to me or has produced ____________________ as identification.

____
Signature of Notary
My Commission Expires: _______________

RIDER TO
ULTIMATE FITNESS GROUP, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

This Rider is entered into this _______________, 201___ (the "**Effective Date**"), between **ULTIMATE FITNESS GROUP, LLC,** a Delaware limited liability company, with its principal business address at 185 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316 ("**we**," "us" or "**our**"), and ________________________________ ______________________, a ____________________ whose principal business address is ______________________ ____ ("**we**," "**us**" or "**our**") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **No Release, Estoppel or Waiver of State Law**. Nothing in this 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 ("**Maryland Law**").

3. **Jurisdiction**. Any litigation arising on claims under Maryland Law may be brought by the Franchisee in Maryland.

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

5. **General Release**. No general release required as a condition of renewal, sale and/or assignment or transfer will apply to any liability arising under Maryland Law.

Intending to be bound, the parties sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

"US" **ULTIMATE FITNESS GROUP, LLC**	**"YOU"**
By:______________________________	______________________________
Name:____________________________	Name:____________________________
Title:_____________________________	Date:_____________________________
Date:_____________________________	

RIDER TO
ULTIMATE FITNESS GROUP, LLC
FRANCHISE COMPLIANCE CERTIFICATION
FOR USE IN MARYLAND

The following is added to the Franchise Compliance Certification:

My disclaiming the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the franchise law in order to purchase the franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISEE APPLICANT:

____

Dated: ____________________________, 201__

ADDENDUM TO THE
ULTIMATE FITNESS GROUP, LLC
MINNESOTA DISCLOSURE DOCUMENT

1. Item 17, summary column for (f) is amended to add the following:

   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).

2. Item 17, summary column for (m) is amended to add the following:

   Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

3. Item 17, summary columns for (v) and (w) are amended to add the following:

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statues, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

RIDER TO
ULTIMATE FITNESS GROUP, LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

This Rider is entered into this _______________, 201___ (the "**Effective Date**"), between **ULTIMATE FITNESS GROUP, LLC,** a Delaware limited liability company, with its principal business address at 1815 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316 ("**we**," "us" or "**our**"), and ____, a __________ ______ whose principal business address is ______________________________________ ______________________________________ (the "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Termination**. Section 16 of the Agreement is amended to add the following:

   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).

3. **Limitation of Claims**. No action may be commenced for claims coming under Minnesota Law more than 3 years after the cause of action accrues.

4. **Waiver of Jury Trial**. Section 21(c) is deleted in its entirety.

5. **Jurisdiction**. The following is added to Section 21(b):

   Minn. Stat. Sec. 80C.,21 and Minn. Rules 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or franchise agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

"US"
ULTIMATE FITNESS GROUP, LLC

By:_______________________________
Name:_____________________________
Title:______________________________
Date:______________________________

"YOU"

____
Name:_____________________________
Date:______________________________

ADDENDUM TO THE ULTIMATE FITNESS GROUP, LLC NEW YORK DISCLOSURE DOCUMENT

1. Item 3 is modified to read as follows:

Neither the franchisor, its predecessor, a person identified in item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. Has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, include pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations. If so, disclose the names of the parties, the forum, nature, and current status of the pending action. Franchisor may include a summary opinion of counsel concerning the action if the attorney's consent to the use of the summary opinion is included as part of this offering circular.

B. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law, fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations. If so, disclose the names of the parties, the forum and date of conviction or date judgment was entered; penalty or damages assessed and/or terms of settlement.

C. Is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent. If so, disclose the name of the person; the public agency, association, or exchange; the court or other forum; a summary of the allegations or facts found by the agency, association, exchange or court; and the date, nature, terms and conditions of the order or decree.

See Exhibit J for any required disclosure relating to Area Representatives.

2. Item 4 is modified to read as follows:

On September 1, 2005, our Franchise Development Manager, Randy Sue Valove, filed a personal petition to liquidate under Chapter 7 of the U.S. Bankruptcy Code. On July 9, 2007, the bankruptcy court discharged the proceeding. (U.S. Bankruptcy Court for the Southern District of Florida Case No.: 05-34529-SHI).

Other than this 1 action, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular; (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

See Exhibit J for any required disclosure relating to Area Representatives.

3. Item 17, Section d, is amended to add the following language:

"the franchisee may terminate the agreement on any grounds available by law."

4. Item 17, Section j, is amended to add the following language:

"However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement."

5. Item 17, Section w, is amended to add the following language:

"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.

ADDENDUM TO THE
ULTIMATE FITNESS GROUP, LLC
NORTH DAKOTA DISCLOSURE DOCUMENT

1. The Summary column of Item 17 paragraph (c) of this Disclosure Document is modified to read as follows:

> "Give us at least 90 days notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, and sign a release (except for matters coming under the North Dakota Franchise Investment Law (the ND Law")."

2. The Summary column of Item 17 paragraph (r) of this Disclosure Document is modified by adding the following at the end of the sentence:

> "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

> "except that matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location.

4. The Summary column of Item 17 paragraph (v) of this Disclosure Document is amended to read as follows:

> Except for matters coming under the ND Law, litigation must be in Broward County, Florida.

5. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

> Except for matters coming under the ND Law, the law of Florida (subject to state law).*

6. The Franchisee is not required to waive jury trial for any matters coming under ND Law.

RIDER TO
ULTIMATE FITNESS GROUP, INC.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

This Rider is entered into this _______________, 201___ (the "**Effective Date**"), between **ULTIMATE FITNESS GROUP, LLC,** a Delaware limited liability company, with its principal business address at 1815 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316 ("**we**," "us" or "**our**"), and ____, a _________________ whose principal business address is ____ __________________________ (the "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Grant of Successor Franchise**. You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the "**ND Law**").

3. **Post-Term Competitive Restrictions**. Covenants not to compete, such as those mentioned in this section, are generally unenforceable in the State of North Dakota.

4. **Jurisdiction**. All matters coming under the ND Law may be brought in the courts of North Dakota.

5. **Waiver of Punitive Damages and Jury Trial**. Paragraphs 21(d) and 21(c) of the Franchise Agreement are deleted in their entirety.

6. **Limitation of Claims**. The statute of limitations under ND Law applies to all matters coming under ND Law.

7. **Governing Law**. This Agreement will be governed by North Dakota law.

8. **Exercise of Rights**. This paragraph is deleted insofar as it requires you to consent to liquidated damages.

9. **Agreement to Arbitrate**. All matters coming under North Dakota Law will be submitted to arbitration at a mutually agreeable location.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

"US" **ULTIMATE FITNESS GROUP, LLC**	**YOU**
By:_________________________	_________________________
Name:_________________________	Name:_________________________
Title:_________________________	Date:_________________________
Date:_________________________	

ADDENDUM TO THE
ULTIMATE FITNESS GROUP, LLC
RHODE ISLAND DISCLOSURE DOCUMENT

The following sentence is added to Item 17 (v) and (w): A provision in a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

ADDENDUM TO THE
ULTIMATE FITNESS GROUP, LLC
VIRGINIA DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Act, the following is added to Item 17.h:

> Pursuant to Section 13.1-564 of the Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.

**ADDENDUM TO THE
ULTIMATE FITNESS GROUP, LLC
WASHINGTON DISCLOSURE DOCUMENT**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the "**Act**"), Chapter 19.100 RCW, prevails.

Section RCW 19.100.180 of the Act, may supersede the franchise agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with us including the area of termination and renewal of your franchise.

A release or waiver of rights signed by you will not include rights under the Act except when signed pursuant to a negotiated settlement after the agreement(s) are 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.

RIDER TO
ULTIMATE FITNESS GROUP, LLC
FRANCHISE AGREEMENT
FOR USE IN WASHINGTON

This Rider is entered into this _______________, 201___ (the "**Effective Date**"), between **ULTIMATE FITNESS GROUP, LLC,** a Delaware limited liability company, with its principal business address at 1815 Cordova Road, Suite 206, Florida 33316 ("**we**," "us" or "**our**"), and ___ ____, a ________________ whose principal business address is ____ ___________________ (the "**Franchisee**") and amends the Franchise Agreement between the parties dated as of the Effective Date, (the "**Agreement**").

1. **Precedence and Defined Terms**. This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Washington Franchise Investment Protection Act**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the "**Act**"), Chapter 19.100 RCW, prevail

3. **Relationship**. Section RCW 19.100.180 of the Act may supersede this Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise.

4. **Waiver of Rights**. A release or waiver of rights signed by you will not include rights under the Act except when signed pursuant to a negotiated settlement after the agreement(s) are 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. **Transfer Fees.** Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

"US"
ULTIMATE FITNESS GROUP, LLC

By:_________________________________
Name:_______________________________
Title:________________________________
Date:________________________________

"YOU"

____
Name:_______________________________
Date:________________________________

EXHIBIT H TO THE DISCLOSURE DOCUMENT

OWNER'S GUARANTY

OWNER'S GUARANTY

In consideration of, and as an inducement to, the execution by ULTIMATE FITNESS GROUP, LLC. ("**Franchisor**") of that certain ORANGE THEORY® Franchise Agreement, dated _____________, 20___ (as the same from time to time may be amended, modified, extended or renewed, the "**Franchise Agreement**"), by and between ____ ("**Franchisee**") and Franchisor, the undersigned, for the term of the Franchise Agreement and any extension or renewal thereof, and thereafter until all obligations of Franchisee to Franchisor have been satisfied, jointly and severally, do hereby personally, absolutely, and unconditionally guarantee that Franchisee shall punctually pay and perform each and every undertaking, condition, and covenant set forth in the Franchise Agreement.

Each of the undersigned further waives acceptance and notice of acceptance of the foregoing obligations of Franchisee, notice of demand for payment of any indebtedness or for performance of any obligations hereby guaranteed, and any right the undersigned may have to require that an action be brought against Franchisee or any other person as a condition to the liability of the undersigned.

This Guaranty is a guarantee of payment and performance not merely one of collection. Each of the undersigned further consents and agrees that its liability under this Guaranty shall be direct and immediate and joint and several; that the undersigned shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so; that such liability shall not be contingent or conditioned upon the pursuit of any remedies against Franchisee or any other person; and that such liability shall not be diminished, relieved or otherwise affected by the extension of time, credit or any other indulgence which Franchisor, its affiliates, successors or assigns may, from time to time, grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, or the release of any one or more of the undersigned hereunder, or the consent to assignment of the Franchise Agreement or any interest in Franchisee, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable throughout the term of the Franchise Agreement and any extension or renewal thereof and thereafter until all obligations of Franchisee to Franchisor have been satisfied.

Until all obligations of Franchisee to Franchisor have been satisfied, the obligations of the undersigned under this Guaranty shall remain in full force and effect without regard to, and shall not be released, discharged or in any way modified or affected by, any circumstance or condition (whether or not the undersigned shall have any knowledge or notice thereof), including, without limitation, any bankruptcy, insolvency, reorganization, composition, liquidation or similar proceeding, with respect to Franchisee or its properties or creditors, or any action taken by any trustee or receiver or by any court in any such proceeding. Each of the undersigned specifically waives any rights that may be conferred upon the undersigned as a guarantor or surety under the applicable law of any state. The remedies provided herein shall be nonexclusive and cumulative of all other rights, powers and remedies provided under the Franchise Agreement or by law or in equity.

The undersigned 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, any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and the Franchisee and the undersigned do guarantee and promise to perform all of the obligations of the Franchisee under the Franchise Agreement as so amended, compromised, released or altered.

Upon notice from Franchisor that Franchisee has failed to pay monies due and owing to Franchisor under the Franchise Agreement, any and each of the undersigned agree to cure the monetary default within five business days from such notice.

Upon the death of an undersigned, the estate of such undersigned shall be bound by this Guaranty but only for defaults and obligations hereunder existing at the time of death. The obligations of the surviving undersigned shall continue in full force and effect.

The undersigned expressly acknowledge that the obligations hereunder survive the termination of the Franchise Agreement.

Franchisor's failure to enforce all or any portion of its rights under this Guaranty shall not constitute a waiver of its ability to do so at any point in the future.

No delay or failure of Franchisor in the exercise of any right, power, or remedy shall operate as a waiver thereof, and no partial exercise by Franchisor shall preclude any further exercise thereof or the exercise of any other right, power or remedy.

This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Florida without recourse to choice of law or conflicts of law principles. Nothing in this Guaranty is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or other doctrine of law of any state, which would not otherwise apply. Any litigation initiated under this Guaranty shall be instituted exclusively at Franchisor's discretion in the most immediate state judicial district and court encompassing Franchisor's headquarters and having subject matter jurisdiction thereof or the United States District Court encompassing Franchisor's headquarters. Each of the undersigned expressly agrees that the undersigned is subject to the jurisdiction and venue of those courts for purposes of such litigation. Each of the undersigned hereby waive and covenant never to assert any claim that the undersigned is not subject to personal jurisdiction in those courts or that venue in those courts is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of *forum non conveniens*).

If Franchisor chooses to proceed against the undersigned under this Guaranty, and Franchisor prevails, the undersigned shall reimburse Franchisor its costs and expenses associated with the proceeding, including its reasonable attorneys' fees, court costs and expenses.

[Signatures appear on the following page]

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed its signature this _____ day of ___________, 20___.

Agreed:

ULTIMATE FITNESS GROUP, LLC

By: ________________________________
Name: ______________________________
Its: ________________________________
Date: _______________________________

GUARANTORS:

____
Signature

Address:
____
____
Social Security No.:____________________
Date:_________________________________

____
Signature

Address:
____
____
Social Security No.:____________________
Date:_________________________________

____
Signature

Address:
____
____
Social Security No.:____________________
Date:_________________________________

____
Signature

Address:
____
____
Social Security No.:____________________
Date:

EXHIBIT I TO THE DISCLOSURE DOCUMENT

OWNER'S STATEMENT

PRINCIPAL OWNER'S STATEMENT

This form must be completed by the Franchisee ("**I**," "**me**," or "**my**") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. **Form of Owner**. I am a (check one):

(a) General Partnership
(b) Corporation
(c) Limited Partnership
(d) Limited Liability Company
(e) Other
Specify: ___________________________

I was formed under the laws of ___________________________.
(state)

2. **Business Entity.** I was incorporated or formed on _________________, ___, under the laws of the State of _______________. I have not conducted business under any name other than my corporate, limited liability company or partnership name and ________________________. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

Name of Person	Position(s) Held
________________________________	________________________________
________________________________	________________________________
________________________________	________________________________
________________________________	________________________________
________________________________	________________________________

3. **Owners**. The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

Owner's Name and Address	Description of Interest	% of Ownership

4. **Governing Documents**. Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Principal Owner's Statement is current and complete as of _______________, 20__.

OWNER

INDIVIDUALS:

____
Signature

____
Print Name

____
Signature

____
Print Name

CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:

____

By:_______________________________________
Title:_____________________________________
Date:_____________________________________

EXHIBIT J TO THE DISCLOSURE DOCUMENT

INFORMATION ABOUT OUR AREA REPRESENTATIVES

INFORMATION ABOUT OUR AREA REPRESENTATIVES
AS OF APRIL 29, 2012

ITEM 2
BUSINESS EXPERIENCE

We have appointed Area Representatives in certain geographic areas to refer prospective franchisees to us. We also delegate some of our duties and responsibilities to them. The following is information about our Area Representatives and certain of their personnel and management:

ARIZONA

BC Wellness, LLC—STATE OF ARIZONA

BC Wellness, LLC is an Arizona limited liability company formed on August 20, 2010. Its principal business address and telephone number are 11511 E. Caribbean Lane, Scottsdale, Arizona 85255 and (480) 753-8111. BC Wellness, LLC has been one of our Area Representatives since August 26, 2010.

- **Douglas Payne**

  Mr. Payne has been Senior Vice President - Technology of BC Wellness, LLC since its inception in August 2010. He has also been Sr. Vice President - Technology of The Ascente Group in Scottsdale, Arizona since October 2008. Since August 2008, he has been a principal of Sugar Hill Solutions in Scottsdale, Arizona. From February 2006 to August 2008, he was Chief Information Officer of Massage Envy in Scottsdale, Arizona.

- **Jacqueline Payne**

  Ms. Payne has been a principal of BC Wellness, LLC since its inception in August 2010. She has also been the owner of EWC-McDowell in Scottsdale, Arizona, since January 2009. From November 2006 to August 2008, she was engaged in recruiting and training for Massage Envy in Scottsdale, Arizona.

COLORADO

Silver Arrows, LLC—STATE OF COLORADO

Silver Arrows, Inc. is a Colorado company formed on October 27, 2006. Its principal business address and telephone number are 1325 Monaco Parkway, Denver, Colorado 80220 and (720) 748-1570. Silver Arrows, LLC has been one of our Area Representatives since March 16, 2011.

- **Erik Skaalerud** has been the President of Silver Arrows, Inc. since January 2011. From April 2005 to present, he has been President of Capital Lending Solutions located in Denver, Colorado.

- **Trent Peaker** has been a principal of Silver Arrows, Inc. since January 2011. From December 2003 to present, he has been a Loan Originator for Mega Star Financial Corp. located in Denver, Colorado.

FLORIDA

OTF South Florida Regional, LLC—SOUTH FLORIDA COUNTIES OF DADE, BROWARD AND PALM BEACH

OTF South Florida Regional, LLC ("**OTF South Florida**") is a Florida limited liability company formed on November 4, 2010. Its principal business address and telephone number are 1815 Cordova Road, Suite 206, Fort Lauderdale, Florida 33316 and (954) 530-6903. OTF South Florida has been one of our Area Representatives since November 1, 2010. It is affiliated with us through common ownership.

- **David Long**

  Mr. Long has been a Manager and Member of OTF South Florida since its inception in November 2010. He has also been a Director, Chief Executive Officer and Chief Operating Officer of the Franchisor, Ultimate Fitness Group, LLC, since its inception in August 2009. From September 2009 to present, he has been Executive Vice President of Strategic Growth for Unified Asset Group, LLC, d/b/a Ascente Group, in Fort Lauderdale, Florida. For the past three years, he has also been a Master Regional Developer for European Wax Centers for South Florida, North Florida and San Diego, California, however, he ceased his obligations as a Master Regional Developer for the South Florida Territory of European Wax Centers at the end of 2011. From February 2005 to September 2008, he was Vice President of Operations for Massage Envy Limited, LLC in Scottsdale, Arizona. Since January 2007, he has been a Manager and Member of ME New York Regional Developers, LLC, a Regional Developer for Massage Envy in New York.

- **Jerome Kern**

  Mr. Kern is a Manager and Member of OTF South Florida and has served in that role since its inception in November 2010. He has also been a Director, President and Vice President of Sales of the Franchisor, Ultimate Fitness Group, LLC, since its inception in August 2009, and its Chief Financial Officer since April 2012. From May 2005 to present, he has been a Managing Member of MJ Ventures, LLC, in Fort Lauderdale, Florida, serving as Regional Developer for Massage Envy in South Florida. Since January 2007, he has been a Manager and Member of ME New York Regional Developers, LLC, a Regional Developer for Massage Envy in New York. From September 2008 to present, he has been Executive Vice President of Sales for Unified Asset Group, LLC, d/b/a Ascente Group, in Fort Lauderdale, Florida.

- **Ellen Latham**

  Ms. Latham is a Manager and Member of OTF South Florida and has served in that role since its inception in November 2010. She has also been Vice President of Fitness of the Franchisor, Ultimate Fitness Group, LLC, since its inception in August 2009. From April 2008 to present, she has been the owner of Ellen's Ultimate Work Out, a health and fitness center in Davie, Florida. From January 2002 to April 2008, she was the owner of Ellen's Studio Fit in Plantation, Florida.

- **Scott Manning**

  Mr. Manning has been a Member of OTF South Florida since February 2012. Mr. Manning has also been a Group Fitness Trainer with UFG Location #1, LLC since its

Orange Theory Fitness Facility opened in 2010. From 2007 to present, he has been an instructor at Olympia Gym in Aventura, Florida. From 2008 to present, he has also been an instructor at Equinox Clubs in Aventura, Florida.

Tampa Fitness Partners, LLC— COLLIER, PINELLAS, HILLSBOROUGH, MANATEE, HERNANDO, PASCO AND POLK COUNTIES

Tampa Fitness Partners, LLC is a Florida limited liability company formed on February 22, 2008. Its principal business address and telephone number are 204 South Howard Avenue, Tampa, Florida 33606 and (813) 817-8645. Tampa Fitness Partners, LLC has been one of our Area Representatives since March 4, 2011.

- **Terry Blachek** is the Manager of Tampa Fitness Partners, LLC and has served in that role since February 2008. He was a principal of the Franchisor and a Director and Franchise Marketing consultant of the Franchisor from March 2011 to April 2012. He has been the owner of 3 ORANGE THEORY® franchises in Tampa, Florida since March 2011. From April 2007 to February 2011, he was President of International Consulting Company located in Tampa, Florida. From August 2001 to April 2007, he served as Chief Marketing and Sales Officer for Lifestyle Family Fitness in Saint Petersburg, Florida.

ILLINOIS

PROVIDENCE VENTURE HOLDING INC. – STATE OF ILLINOIS

Providence Venture Holding, Inc. is an Illinois corporation formed on March 19, 2012. Its principal business address and telephone number are 223 E. Erie Street, Chicago, IL 60611 and (708) 857-2900. Providence Venture Holding, Inc. has been one of our Area Representatives since April 16, 2012.

- **Brad Ehrlich** has been Vice President and Chief Operating Officer of Providence Venture Holding Inc. since its inception. He has been a Regional Anchor for Clear Channel Media & Entertainment in Des Moines, Iowa since December 2004
- **Allen Morris** has been Senior Vice President of Providence Venture Holding Inc. since its inception. From September 1994 to January 2011, he was Director of Business Development for Tene & Associates, Inc. in Chicago, Illinois.
- **Barbara Morris** has been Director of Sales of Providence Venture Holding Inc. since its inception. She has been Director of Sales for Morningside Group in Chicago, Illinois since November 1999.

MINNESOTA

ORANGE FITNESS, LLC- STATE OF MINNESOTA

Orange Fitness, LLC is a Minnesota limited liability company formed on June 27, 2011. Its principal business address and telephone number are 1138 Lakeshore Drive, Jupiter, Florida 33458 and (651) 270-5101. Orange Fitness, LLC has been one of our Area Representatives since August 2011.

- **Justin Kelly** has been Managing Member of Orange Fitness, LLC since its inception in June 27, 2011. From June 2011 to present, he has been the President & CEO of Orange Fitness LLC (dba Orangetheory Fitness) in Plymouth, Minnesota. From October 2008 to

present, he has been the President & CEO of Jupiter Wax LLC (dba European Wax Center) in Jupiter, Florida. From September 2004 to present, he has been the President & CEO of Living the Dream, Inc. (dba Massage Envy) in St. Paul, Minnesota.

NEW JERSEY

OTF PHILADELPHIA, LLC- PA COUNTIES OF PENNSYLVANIA COUNTIES OF BERKS, BUCKS, CHESTER, DELAWARE, LANCASTER, LEHIGH, MONTGOMERY AND PHILADELPHIA, AND NEW JERSEY COUNTIES OF BURLINGTON, CAMDEN, CUMBERLAND, GLOUCESTER, MERCER AND SALEM (See "Pennsylvania")

NEW YORK

OTF NY, LLC—SUFFOLK AND NASSAU COUNTIES, NEW YORK

OTF NY, LLC is a New York limited liability company formed on March 28, 2011. Its principal business address and telephone number are 9 Essex Place, Commack, New York 11725 and (613) 827-1487. OTF NY, LLC has been one of our Area Representatives since April 25, 2011.

- **Elyse Pedersen** has been Managing Partner of OTF NY, LLC since March 2011. From February 2008 to present, she has been a Regional Developer and Massage Envy Franchisee in New York. From May 2004 to February 2008, Ms. Pedersen was National Creative Director for Color Ad Packaging in Garden City, New York.

FITNESS ADVOCATE, LLC – NYC – MANHATTAN BOROUGH

Fitness Advocate, LLC is a Delaware limited liability company formed on April 16, 2012. Its principal business address and telephone number are 777 Third Avenue, 20th Floor, New York, NY 10017 and (646) 545-4300. Fitness Advocate, LLC has been one of our Area Representatives since April 25, 2012.

- **Barbara Krell** has been the Managing Member of Fitness Advocate, LLC since April 16, 2012. Prior to becoming the Managing Member of Fitness Advocate, LLC, Ms. Krell was retired.

PENNSYLVANIA

OTF PHILADELPHIA, LLC—PENNSYLVANIA COUNTIES OF BERKS, BUCKS, CHESTER, DELAWARE, LANCASTER, LEHIGH, MONTGOMERY AND PHILADELPHIA, AND NEW JERSEY COUNTIES OF BURLINGTON, CAMDEN, CUMBERLAND, GLOUCESTER, MERCER AND SALEM

OTF Philadelphia, LLC is a Pennsylvania limited liability company formed on June 15, 2011. Its principal business address and telephone number are 4968 Grundy Way, Doylestown, Pennsylvania 18902 and (267) 247-5404. OTF Philadelphia, LLC has been one of our Area Representatives since July 11, 2011.

- **Robert Ferrall** has been the Managing Member of OTF Philadelphia, LLC since June 2011. From February 2009 to present, he has been a Regional Sales Manager for Beckman Coulter in Brea, California. From November 2008 to January 2009, he was Director of Sales Operations for Maquet in Bridgewater, New Jersey. From 2005 to 2007, he was Worldwide Clinical Chemistry Marketing – Product /Regional Manager for Johnson & Johnson – Ortho Clinical Diagnostics in Raritan, New Jersey.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this ITEM for Area Representatives.

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this ITEM for Area Representatives.

EXHIBIT K TO THE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES

List of Current Franchisees
as of December 31, 2011

ARIZONA	
ORANGE STUDIO ONE, LLC- Scottsdale Scottsdale 101 Plaza 7000 E. Mayo Blvd., Building 1 Phoenix, AZ 85054 (480) 753-8111 ***OPEN***	DJL FIT, LLC- Phoenix (Not yet identified) 11411 North Tatum Boulevard Phoenix, AZ 85028 (314) 486-1159 ***(Not yet open)***
EPOC ENERGY- Chandler Shops at Pecos Ranch Chandler, AZ (314) 486-8170 ***OPEN***	CITRUS FITNESS, LLC- Phoenix/Scottsdale Paradise Valley Marketplace 10810 North Tatum Boulevard, Suite 108 Phoenix, AZ 85028 ***(Not yet open)***
COLORADO	
OTF SAI, Inc.- Highlands Ranch 9559 South University Blvd., Units 101-102 Highlands Ranch, CO 80126 (720) 748-1570 ***(Not yet open)***	MEADOW INC.- Denver Denver Tech Center Denver, CO ***(Not yet open)***
FLORIDA	
PINES OTF, INC.- Pembroke Pines Cobblestone Plaza 14916 Pines Blvd. Pembroke Pines, FL 33327 (954) 298-3136 ***OPEN***	OT 1, LLC - North Fort Lauderdale CVS Plaza 1759 East Commercial Boulevard Fort Lauderdale, FL 33334 (954) 229-9800 ***OPEN***
OT 2, LLC – Lighthouse Point Venetian Isles 3778 North Federal Hwy Lighthouse Point, FL 33064 (954) 647-6825 ***(Not yet open)***	Boca Orange I, LLC- Boca The Commons AT Town Center 2240 NW 19th Street Boca Raton, FL 33431 (954) 418-4390 ***(Not yet open)***
Boca Orange II, LLC – Boca Boca Raton, Florida (954) 418-4390 ***(Not yet open- site not identified)***	JJAK OTF, LLC- Weston Country Isles Plaza Shopping Center, Unit No. 1132 Weston, FL (954) 347-8877 ***OPEN***
VISCASHLEY, LLC- Royal Palm Beach Southern Palms Plaza 11021 Southern Boulevard, Suite 130 Royal Palm Beach, FL 33411 (561) 753-8111 ***OPEN (Purchased in December 2011 from UFG Location #2, LLC)***	KB ORANGE, INC.- Coral Springs/Parkland Waterways Shopppes at Heron Bay 6230 Coral Ridge Way- Units 104/105 Coral Springs, FL 33076 (954) 345-7518 ***(Not yet open)***

OTF MIAMI, LLC – Pinecrest/Miami Pinecrest, FL (Miami) ***(Not yet open)***	FIT AVENTURA, LLC – Aventura Loehmann’s Fashion Island 18711 NE Biscayne Blvd Aventura, FL 33180 ***(Not yet open)***
TAMPA FITNESS PARTNERS II, LLC- Tampa Bruce B. Downs Southbound 17519 Preserve Walk Lane Tampa, FL 33647 (813) 817-8645 ***OPEN***	TAMPA FITNESS PARTNERS III, LLC- St. Pete Royal Palms Plaza 5032 Fourth Street North St. Petersburg, FL 33703 (813) 817-8645 ***OPEN***
TAMPA BUSINESS PARTNERS III, LLC- South Tampa 115 South Dale Mabry Tampa, FL 33609 (813) 356-0620 ***(Not yet open)***	
MINNESOTA	
ORANGE FITNESS, LLC- Plymouth 2700 Annapolis Circle, Suite A Plymouth, MN 55441 (763) 300-3447 ***OPEN***	PRISM MC, LLC- Calhoun Calhoun Village Shopping Center 3252A West Lake Street Minneapolis, MN 55416 (612) 926-8626 ***OPEN***
OTF MAPLE GROVE, INC. – Maple Grove 8121 Wedgewood Lane North Maple Grove, MN 55369 (763) 657-1313 ***OPEN***	
NEW YORK	
CCNP, LLC- Long Island 4000 Jericho Turnpike East Northport, NY 11731 (631) 827-1497 ***(Not yet open)***	
PENNSYLVANIA/SOUTH JERSEY	
OTF Main Line, LLC- Philadelphia Philadelphia, PA ***(Not yet open- site not identified)***	

EXHIBIT L TO THE DISCLOSURE DOCUMENT

FORM OF FRANCHISE COMPLIANCE CERTIFICATE

FORM OF FRANCHISE COMPLIANCE CERTIFICATION

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. **Do not sign or date this Certification the same day as the Receipt for the Franchise Disclosure Document; you should sign and date this Certification the same day you sign the Franchise Agreement**. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. You had your first face-to-face meeting with our representative on: _____________, 20__.

2. Have you received and personally reviewed our Franchise Agreement and each Addendum (if any) and related agreement (i.e., personal guaranty) attached to them?

   Yes _______ No _______

3. Did you receive the Franchise Agreement and each related agreement, containing all material terms, at least 7 days before signing any binding agreement with us or an affiliate?*

   Yes _______ No _______

   * This does not include changes to any agreement arising out of negotiations you initiated with us.

4. Do you understand all of the information contained in the Franchise Agreement and each Addendum (if any) and related agreement provided to you?

   Yes _______ No _______

   If No, what parts of the Franchise Agreement, Addendum (if any) and/or related agreements do you not understand? (Attach additional pages, if necessary.)

   ____

   ____

   ____

5. Have you received and personally reviewed our Franchise Disclosure Document ("**FDD**") that was provided to you?

   Yes _______ No _______

6. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, or before paying any funds to us or an affiliate?

   Yes _______ No _______

7. Did you sign a receipt for the FDD indicating the date you received it?

   Yes _______ No _______

8. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes _______ No _______

If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

___

___

___

9. Do you acknowledge and understand that no parent or affiliate of ours promises to back us financially or otherwise guarantees our performance or commits to perform post-sale obligations for us?

Yes _______ No _______

10. Have you discussed the benefits and risks of purchasing an ORANGE THEORY® Facility franchise with an attorney, accountant or other professional advisor?

Yes _______ No _______

If No, do you wish to have more time to do so?

Yes _______ No _______

11. Do you understand that the success or failure of your ORANGE THEORY® Facility franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes _______ No _______

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of an ORANGE THEORY® Facility franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _______ No _______

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating an ORANGE THEORY® Facility franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _______ No _______

14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating an ORANGE THEORY® Facility franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _______ No _______

15. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _______ No _______

16. If you have answered "Yes" to any one of questions 12-15, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

____

____

____

17. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the ORANGE THEORY® Facility franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?*

Yes _______ No _______

* Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

18. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes _______ No _______

19. You signed the Franchise Agreement and Addendum (if any) and related agreements on ____________, 20__, and acknowledge that no agreement or addendum is effective until signed and dated by us.

[*Signature Page Follows*]

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

The individuals signing below for the "**Franchisee Applicant**" constitute all of the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISEE APPLICANT:

____
Signature

____
Printed Name

______________________________________, 20__
Date

____
Signature

____
Printed Name

______________________________________, 20__
Date

____
Signature

____
Printed Name

______________________________________, 20__
Date

____
Signature

____
Printed Name

______________________________________, 20__
Date

[*Signature Page to ORANGE THEORY® Facility Franchise Compliance Certification*]

EXHIBIT M TO THE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the area representative agreement and franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Ultimate Fitness Group, LLC offers you a franchise, we 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 any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

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

The franchisor is Ultimate Fitness Group, LLC, located at 1815 Cordova Road, Suite 206. For Lauderdale, Florida 33316. Its telephone number is (954) 530-6903.

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

Issuance Date: April 29, 2012

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
David Long; Jerome Kern; David Hardy	1815 Cordova Road, Suite 206 Fort Lauderdale, FL 33316	(954) 530-6903
See Exhibit J for information about Area Representatives (if any) in your area.	See Exhibit J for information about Area Representatives (if any) in your area.	See Exhibit J for information about Area Representatives (if any) in your area.

I received a disclosure document dated April 29, 2012 (the state effective dates are listed on the pages preceding the table of contents). The disclosure document included the following exhibits:

A. List of State Agencies/Agents for Service of Process
B. Franchise Agreement
C. Financial Statements
D. Conditional Assignment of Telephone Numbers and Listings and Internet Addresses
E. Form of Addendum to Lease Agreement
F. Table of Contents of Operations Manual
G. State Specific Addenda and Riders
H. Owner's Guaranty
I. Owner's Statement
J. Information About Area Representatives
K. List of Current Franchisees
L. Form of Franchise Compliance Certificate
M. Receipts

____
Prospective Franchisee

____
Print Name

____
Date

KEEP THIS COPY FOR YOUR RECORDS

RECEIPT

This disclosure document summarizes certain provisions of the area representative agreement and franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Ultimate Fitness Group, LLC offers you a franchise, we 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 any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

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The franchisor is Ultimate Fitness Group, LLC, located at 1815 Cordova Road, Suite 206. For Lauderdale, Florida 33316. Its telephone number is (954) 530-6903.

We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

Issuance Date: April 29, 2012

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
David Long; Jerome Kern; David Hardy	1815 Cordova Road, Suite 206 Fort Lauderdale, FL 33316	(954) 530-6903
See Exhibit J for information about Area Representatives (if any) in your area.	See Exhibit J for information about Area Representatives (if any) in your area.	See Exhibit J for information about Area Representatives (if any) in your area.

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G. State Specific Addenda and Riders
H. Owner's Guaranty
I. Owner's Statement
J. Information About Area Representatives
K. List of Current Franchisees
L. Form of Franchise Compliance Certificate
M. Receipts

____
Prospective Franchisee

____
Print Name

____
Date

OUR COPY —RETURN TO US