

FRANCHISE DISCLOSURE DOCUMENT

Jazzercise, Inc.
a California corporation
2460 Impala Drive
Carlsbad, California 92010-7226
Telephone: (760) 476-1750
Website: www.Jazzercise.com
Email: customercare@jazzercise.com



The franchisee will act as an Instructor of the Jazzercise dance fitness program.

The total investment necessary to begin operation of a Jazzercise franchised business ranges from ~~\$4,280,530~~ to ~~\$13,650,900~~. The total investment necessary to begin operation of a Jazzercise business if you choose to lease a commercial facility on your own, is ~~\$10,600,850~~ to ~~\$76,500,750~~. These amounts include ~~\$2,000,250~~ that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the DM Support Department at 4861 W. 134th Street, Suite B, Leawood, KS 66209-7826; telephone: (913) 851-5299.

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

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

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

Issuance Date: March 18, 2014, as amended May 12, 2014

**STATE COVER PAGE
JAZZERCISE, INC.**

Your state may have a franchise law that requires a franchisor to register or file with the 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 your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION OR MEDIATION IN CALIFORNIA. OUT OF STATE ARBITRATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR MEDIATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA 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. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

STATE EFFECTIVE DATES

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

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

California: April 4, 2014, as amended _____, 2014

Hawaii: April 7, 2014, as amended _____, 2014

Illinois: April 7, 2014, as amended _____, 2014

Indiana: November 15, 2013

Maryland: April 15, 2014, as amended _____, 2014

Michigan: November 20, 2013

Minnesota: April 15, 2014, as amended _____, 2014

New York: December 31, 2013, as amended April 25, 2014

North Dakota: April 8, 2014, as amended _____, 2014

Rhode Island: April 7, 2014, as amended _____, 2014

South Dakota: April 10, 2014, as amended _____, 2014

Virginia: Pending

Washington: Pending

Wisconsin: April 4, 2014, as amended _____, 2014

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(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.

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

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913. (517) 373-7117.

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COPIES OF RECEIPT

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES REGARDING THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT. THESE ADDITIONAL DISCLOSURES OR STATE SPECIFIC AMENDMENTS TO THE FRANCHISE AGREEMENT, IF ANY, APPEAR IN THE STATE ADDENDA AT EXHIBIT K OR THE STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENTS IN EXHIBIT D EXCEPT THAT ADDITIONAL DISCLOSURES RELATED TO MICHIGAN LAW CAN BE FOUND RIGHT BEFORE THIS TABLE OF CONTENTS.

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, "Jazzercise" means the franchisor - Jazzercise, Inc., a California corporation. "You" means the person who buys the franchise. Jazzercise is a California corporation that was incorporated on September 26, 1979. Jazzercise, Inc. does business as Jazzercise. Our principal business address is 2460 Impala Drive, Carlsbad, California 92010-7226. Before 1979, Jazzercise's predecessor, Judi Sheppard Missett, operated the Jazzercise dance fitness program as a sole proprietorship. Jazzercise does not have any affiliates that offer franchises or provide products or services to Jazzercise's franchisees. Jazzercise does not have any parents.

Jazzercise's agents for service of process are disclosed in Exhibit B.

Jazzercise conducts a dance fitness program and licenses instructors to do so as well. The program's aim is to promote total fitness through dance. Instructors lead classes through dance routines that are choreographed to popular tunes. Instructors learn these dance routines via routine packets that contain choreographed routines which are currently on DVD. Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits the choreographed routines to you. Jazzercise currently makes choreography notes on its website available to you for download and printing. In addition, Jazzercise operates a division called "Jazzercise Apparel" which distributes products such as clothing, accessories, DVDs, equipment and visual recordings bearing the "Jazzercise" name.

Some instructors are class owners and sign a Franchise Agreement specific to class owners. Other instructors are associate instructors who only teach classes for other franchisees. Associate instructors sign a different form of Franchise Agreement ~~than class owners~~. Some instructors are licensed to conduct a dance fitness program consisting solely of less strenuous formats. These instructors sign the Lite Jazzercise Addendum in addition to the Franchise Agreement. Some instructors are licensed to conduct a dance fitness program limited to children's programs. These instructors sign the Junior Jazzercise Addendum in addition to the Franchise Agreement. Some instructors are licensed to conduct a dance fitness program limited to low impact formats. These instructors sign the Low Impact Jazzercise Addendum in addition to the Franchise Agreement. There are also franchisees who offer Jazzercise dance fitness classes, but do not teach the classes themselves. They sign a Franchise Agreement specific to business owners, and retain certified Jazzercise instructors to teach their classes.

An essential part of the Jazzercise dance fitness program is its on-line and social media policies. All instructors must comply with these policies. In particular, you may not post any content that is scandalous, immoral, or detrimental to Jazzercise's image, whether

on a website or in any electronic format including in any of your non-business Internet sites or activities. If you violate these policies, you may lose your franchise.

The general market for the services a Jazzercise instructor offers is the general public.

In addition to laws and regulations that apply to businesses generally, franchisees must comply with regulations concerning the use of recorded music. These regulations include a prohibition on duplicating recordings and the obligation to pay a fee (see Item 6) to performing rights societies (e.g., ASCAP, BMI and SESAC). In addition, you may be subject to health club regulations in your state, city and county. These regulations may include registration and bonding requirements and may require training for the use and maintenance of automated external defibrillators. You may have to pay a registration fee. Some states require training and certification in cardio pulmonary resuscitation (CPR). Among the laws that apply to businesses generally are those concerning employees and independent contractors. You should consult with your own advisors and the Office of the Attorney General and the Consumer Protection Division in your state for information on how these laws apply to you and how to structure your arrangements with anyone who assists with your classes and with other instructors, and the impact of such arrangements.

Your competitors include other aerobics classes and fitness clubs.

Before July 1982, all instructors were licensed as independent contractors. Jazzercise has offered franchises to conduct the Jazzercise dance fitness program since July 1982. It has offered the Lite Jazzercise Addendum since 1996, the Junior Jazzercise Addendum since 2000, the Business Addendum since 2004 and the Low Impact Jazzercise Addendum since 2011. Jazzercise has conducted a dance fitness business since its incorporation and its predecessor began conducting this business in 1969. Jazzercise also offered an optional weight management program from 1989 to 1995, but no longer does so as part of its franchise program. Jazzercise's predecessor did not grant franchises. Neither Jazzercise nor its predecessor has offered franchises in any other line of business.

ITEM 2

BUSINESS EXPERIENCE

Founder, CEO and Director: Judi Sheppard Missett

Professional dancer and model; Founder and Instructor of Jazzercise Dance Fitness Program since 1969; CEO, Director and sole shareholder of Jazzercise since 1979; Member of American Federation of Television and Radio Artists and Actors' Equity; Lifetime Achievement -President's Council on Physical Fitness; Lifetime Achievement - International Dance and Exercise Association; #1 San Diego's Top 50 Women Owned Businesses.

President and Director: Shanna Missett Nelson

Special Assistant to the President of Jazzercise, 1991 to 1994; International Administrator, 1994 to 1997; Chief Financial Officer, 1997 to 1998; Vice President of International Operations, 1997 to September 2001; Executive Vice President, September 2001 to May 2010; Director from September 2001 to the present; President from May 2010 to the present.

Chief Operating Officer, Vice President, Finance, Chief Financial Officer, Secretary and Director: Sally Baldrige

Accounting Manager, 1982 to 1988; Director of Accounting for Jazzercise, 1988 to 1997; Vice President of Finance and Accounting, 1997 to 1998; Chief Financial Officer and Vice President, Finance, 1998 to the present; Secretary and Director, September 2001 to present; Chief Operating Officer, July 2004 to the present.

Senior Business Analyst: Kathryn A. Missett

Research Manager for The M/A/R/C Group, marketing and research counselors headquartered in Irving, Texas, July 1997 to June 2000; Director of Marketing for Jazzercise, June 2000 to September 2001; Vice President, Marketing, September 2001 to February 2005; Senior Business Analyst, February 2005 to December 2011; Vice President, Marketing: October 2012 to January 2013; Senior Business Analyst, February 2013 to the present.

Vice President, International Sales and Corporate Events: Kenny R. Harvey

Jazzercise Instructor, 1982 to the present; Executive Director of Jazzercise Japan, 1991 to 1995; Public Relations Manager of Jazzercise, 1995 to 1996; Public Relations Director of Jazzercise, 1996 to September 2001; Vice President, International Sales and Corporate Events, September 2001 to the present.

Vice President of Operations: Bradford L. Jones

Accountant at Jazzercise, 1996 to 1997; General Manager, Jazzercise Inc. dba JM Television Productions, 1997 to 1998; Accounting Manager for Jazzercise, 1998 to 2000; Director of Accounting for Jazzercise, 2000 to September 2001; Vice President, Technology and Distribution Services, September 2001 to August 2011; and Vice President of Operations from August 2011 to the present.

Chief Sales & Marketing Officer and Director: Kelly Jean Sweeney

Jazzercise Instructor, 1983 to the present; District Manager, 1987 to the present; Vice President of U.S. Sales, 2004 to 2011; Chief Sales & Marketing Officer, 2012 to the present; Director from June 2013 to the present.

Manager of Training: Sarah Fritz

Jazzercise Instructor, 1993 to the present; Jazzercise Trainer, 2005 to 2012; Programs Specialist, 2007 to 2013; Manager of Training, 2013 to the present.

Manager of Instructor Development: Young McCarthy

Jazzercise Instructor, 1994 to the present; District Manager, 2007 to 2010; Franchise Quality Specialist, 2010 to 2013; Manager of Instructor Development, May 2013 to the present.

Manager of Human Resources: Megan Wakefield

Human Resources Manager, BottleRocket Entertainment Inc., 2007 to 2009; Human Resources Generalist for Jazzercise, 2009 to 2013; Manager of Human Resources, Jazzercise, 2013 to the present.

Vice President of Technology: Andrew Blocksidge

Owner, Inavata, 2007 to 2010; Director, CIO Advisory, KPMG LLP, 2010 to 2012; Vice President, Technology, April 2012 to the present.

Director of Marketing: Corie Bovensiepe

Brand Marketing Manager, Callaway Golf, August 2006 to October 2012; Digital Marketing Manager, Callaway Golf, October 2012 to May 2013; Jazzercise, Director of Marketing, December 2013 to the present.

ITEM 3

LITIGATION

State of New York v. Jazzercise, Inc. (State of New York, Index No. 41418/87 in the Supreme Court). In April 1987, Jazzercise entered into a consent decree to settle an action that arose out of its failure to timely file its renewal application and the sale of franchises after the expiration date and before renewal. The consent decree contains an injunction requiring that Jazzercise file annual reports, provide current prospectuses to franchisees, comply with advertising requirements and offer rescission to any franchisees who became franchisees while Jazzercise had an inactive registration. Jazzercise has complied with the terms of the consent decree.

State of Wisconsin v. Jazzercise, Inc. (Dane County Circuit Court, Wisconsin, Case Number 85CV4401). In August 1985, Jazzercise entered into a stipulation for judgment in this matter. This stipulation followed a lawsuit brought by the State of Wisconsin, Department of Justice, against Jazzercise filed on or about August 26, 1985. This lawsuit alleged violations of the State of Wisconsin's securities laws for offering for sale and selling franchises without being registered by the Wisconsin Securities Commissioner and for alleged antitrust violations resulting from the use of facility

committees to determine the right of a franchisee to teach a class from a specific location and at certain times within his or her designated territory. Pursuant to the stipulation and judgment, Jazzercise was precluded from the sale of franchises in the State of Wisconsin before registration (which was approved in December 1985) and from the use of facility committees to rule on a franchisee's right to begin a class from a proposed location and time, as well as any other violations of the Wisconsin antitrust laws. As a result of this stipulation for judgment, facility committees were disbanded.

In addition, Jazzercise is occasionally named as a defendant in actions filed by persons who allege claims against its franchisees.

Other than these 2 actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

All franchisees pay a ~~\$2,000.00~~1,250 initial franchise fee when they sign the Franchise Agreement, except as described below or except if ~~you are signing as a franchisee is a~~ recertified franchisee.

If you have been an employee of Jazzercise for at least 90 days and you also become a franchisee who owns classes, your initial franchise fee is ~~\$1,000.00~~625.00. Franchisees in foreign countries pay a ~~\$1,000.00~~250 initial franchise fee.

~~Occasionally, Jazzercise has distributed coupons~~may periodically offer promotions on the initial franchisee fee. As of the date this Disclosure Document was issued, Jazzercise is offering a discount from the initial franchise fee to attendees at Jazzercise regional conventions. It may also do so at other fitness conventions and meetings for training if three or more associates teaching for the same class owner attend initial training together. Jazzercise may also periodically offer~~discontinue this and any other promotions~~discounts at any time.

If a sales tax, use tax or similar tax is imposed on Jazzercise as a result of your payment of the initial franchise fee or another fee, you must pay the amount of such tax to Jazzercise.

Franchisees who are licensed to conduct a dance fitness program consisting solely of less strenuous formats, solely of low impact formats or solely of children's programs and business franchisees pay the same initial franchise fee as instructors who also teach high intensity formats.

The initial franchise fee is not refundable except as described below. If you fail the audition, all of the initial franchise fee will be refunded to you when you return the workshop materials. If you decide not to attend the initial training workshop, we can terminate your Franchise Agreement and we will refund your initial franchise fee when you return the workshop materials, less an amount which is \$250.00 as of the date this Disclosure Document was issued but may increase in the future. You are not eligible for any refund once you attend any part of the workshop.

You may obtain required liability insurance coverage either through Jazzercise at a current annual charge that Jazzercise estimates will be between \$170.00 and \$220.00 (but may be higher) or through an insurance company.

You are not required to purchase any inventory. However, if you wish to do so, you may purchase items from Jazzercise Apparel, a division of Jazzercise, or you may purchase other promotional items.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Continuing Fee	20% of gross customer enrollment (10% for certain programs). Minimum currently \$150.00 per month (to increase to \$250.00 beginning July 2014, January 2015); Business franchise minimum is \$500.00 per month	Monthly, on or before 5th of each month	See Note 1.
Associate Fee	Currently, \$100.00 per year	November 1	See Note 2.
Performance Royalties	Varies, depending on organization and number of customers	January	See Note 3.
Returning Franchisee Fee	\$250.00	Upon reinstatement	See Note 4.
Recertification Fee	\$4,000 625.00	Upon recertification	See Note 5.
EFT Processing Fee	Currently, \$1.00 per customer set up by Jazzercise, Inc. and 10¢ or 3% per customer per month	Upon processing	See Note 6.
Customer Reimbursement Fee	Payment of Jazzercise's costs	Upon demand	See Note 7.

Indemnification	Payment of Jazzercise's losses and costs	Upon demand	See Note 8.
Late Fee	\$50.00	When payment or report is overdue	See Note 9.
Associate Late Fee	\$25.00	When report is due	See Note 10.
NSF Administrative Handling Fee	\$25.00	Upon demand	See Note 11.
Attorney's Fees	Reasonable attorney's fees and costs	Upon determination of prevailing party	See Note 12.
Advertising Contribution	To be determined	Upon demand	See Note 13.
Insurance Payment	\$170.00 to \$220.00	November 1	See Note 14.

All fees are uniformly imposed by and are payable to Jazzercise, unless otherwise noted. Some fees may be discounted for employees of Jazzercise who are or become franchisees. Jazzercise requires you to pay these fees and submit reports utilizing its website. All fees are non-refundable. Jazzercise may institute periodic incentive programs. If you experience an extreme hardship (e.g., personal hardship or a natural disaster such as a hurricane or flood), Jazzercise will consider a temporary waiver of your fees upon request. Jazzercise may charge a fee for its software program and support in the future.

Notes:

1. In general, gross customer enrollment fees are all amounts paid by customers for your classes, less sales or other taxes collected from your customers. As soon as you begin teaching, you are required to pay 20% of gross customer enrollment fees for all programs, except children's programs, special events and personal touch programs for which you are required to pay 10%. A limited number of existing franchisees who became dance fitness instructors before April 1, 1986 pay a continuing fee of less than 20% for non-children's programs. If you are a newly certified Instructor on active status and are not an associate Instructor, then you begin paying the minimum continuing fee of \$150.00 per month the 6th calendar month after you complete the workshop. Jazzercise may raise this minimum continuing fee to up to \$500.00 during the term of your Franchise Agreement. As of the date this Disclosure Document was issued, Jazzercise plans to increase the minimum continuing fee to \$250.00 beginning with continuing fees due after ~~July~~January 1, 2014~~2015~~. If you are a new Business franchisee, you do not pay a minimum continuing fee for the first 6 months of operation, you pay a minimum monthly continuing fee of \$150.00 (increasing to \$250.00 after ~~July~~January 1, 2014~~2015~~) for the next 6 months of operation, and the full monthly continuing fee of \$500.00 after that (which may increase to \$1,000.00 per month). Jazzercise may periodically institute waiver or rebate programs which are subject to change at any time.
2. This fee is due from all franchisees who are associate Instructors on November 1 prospectively for the subsequent 12 months. It is not refundable if an Instructor changes status, or under any other circumstances. Associate Instructors are franchisees who do not own their own classes but who teach classes for other franchisees on a short or long term basis. Jazzercise may raise this fee during the term of your Franchise Agreement up to a maximum of \$250.00.
3. Jazzercise has entered into agreements for the use of music with performing licensing organizations to collect royalties which Jazzercise then remits to the organizations. Your cost is based upon the number of your customers per week and are generally increased annually. As of the date this Disclosure Document was issued, the ASCAP fees were \$54.00 plus \$1.00 administrative fee for up to 75 customers and \$101.00 plus \$1.00 for 76 customers or more. The BMI fees were \$52.00 plus \$1.00 for up to 75 customers and \$100.00 plus \$1.00 for 76

customers or more. The SESAC fees were \$21.00 plus \$1.00 for up to 75 customers and \$29.00 plus \$1.00 for 76 customers or more. Associate instructors do not pay these fees.

4. If you resign, but request Jazzercise to reinstate you as an instructor within 12 months and Jazzercise agrees, then, upon your reinstatement, you must pay this fee. If the term of your Franchise Agreement would have expired you must also sign a new Franchise Agreement.
5. If you resign and request that Jazzercise allow you to become an instructor again more than 12 months after your resignation and Jazzercise agrees, you must pay this fee. You must also successfully complete a workshop and sign a new Franchise Agreement. You must pay the recertification fee when you sign the new Franchise Agreement.
6. Jazzercise's Easy Fitness Ticket (EFT) automatic deduction program is part of the Jazzercise Franchise Assistant Software (JFAS). See Item 11. You must enter the EFT information utilizing the on-line option in the Jazzercise Business Center (Jazzercise's extranet for franchisees). As of the date this Disclosure Document was issued, the processing fee is 10 cents per customer per month if the customer authorized deduction from his or her checking account and 3% of ticket charges if the customer authorized payment by credit card. Both continuing franchise fees and the processing fee are deducted before Jazzercise transmits the customer's fees to you. Only under special circumstances will Jazzercise enter your EFT information, and there will be a one-time fee of \$1.00 per customer. The instructor EFT Agreement you must sign as of the date this Disclosure Document was issued is attached as Exhibit I. Jazzercise may use a third party vendor to provide EFT services to franchisees, which may result in a change in the EFT processing fee, and you will be required to use the third party vendor's EFT services and pay the new fee if and when this happens.
7. You must reimburse your customers for fees they have paid for classes that are not given. If you do not do so, Jazzercise may do so, and you must reimburse Jazzercise.
8. You must defend Jazzercise and pay for any claims and losses to Jazzercise and its representatives resulting from the operation of your business, including your rent and performance royalties.
9. If you do not pay any amount when due, you must pay a late charge, not to exceed the maximum rate permitted by law. The late charge is \$50.00. If you do not submit a report when due, you must pay an administrative handling fee to cover Jazzercise's additional administrative expense. The administrative handling fee is \$50.00, unless you are an associate instructor.
10. If you are an associate instructor and you do not submit a report when due, you must pay an administrative handling fee of \$25.00.
11. If you make a payment by check and the check is returned for insufficient funds, you must pay an administrative handling fee in addition to all other fees and administrative charges. The administrative handling fee is \$25.00. Jazzercise may also require you to make all future payments by money order, cashier's check or a similar method of payment of immediately available funds.
12. If there is a lawsuit between you and Jazzercise, the prevailing party will be entitled to reasonable attorney's fees and costs of suit. If Jazzercise obtains injunctive relief against you because you breach the Franchise Agreement's provisions concerning trade secrets or confidential information or if you do not comply with your obligations under the Franchise Agreement upon termination or expiration, you must also pay Jazzercise for its attorney's fees and costs.
13. You must pay an advertising fee to the advertising fund if and when Jazzercise establishes it. Jazzercise has not established an advertising fund as of the date this Disclosure Document was issued. It has not determined how much franchisees would be required to contribute if it does establish an advertising fund. In addition, if Jazzercise decides to conduct an advertising

campaign or marketing program you may have to purchase sufficient amounts of advertising materials from Jazzercise or pay a portion of the cost of the campaign or program to Jazzercise.

14. You may obtain insurance through Jazzercise or through an insurance company. If you choose to obtain liability coverage through Jazzercise, you must pay the premiums annually and they may increase.

ITEM 7

ESTIMATED INITIAL INVESTMENT

FRANCHISEES WHO DO NOT LEASE COMMERCIAL FACILITIES

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE	\$2,000-1,250 (Note 1)	Lump Sum	At signing of Franchise Agreement	Jazzercise
TRAVEL AND LIVING EXPENSES WHILE TRAINING	0 to \$1,000	As incurred	During training	Airlines, hotels and restaurants
REAL ESTATE AND IMPROVEMENTS	(Note 2)	(Note 2)	(Note 2)	(Note 2)
EQUIPMENT (Note 3)	\$1,750 to \$8,000	As incurred	As incurred	Suppliers
MISCELLANEOUS OPENING COSTS (Note 4)	\$500 to \$1,000	Lump Sum	As incurred	Jazzercise or insurance company, Internet and e-mail provider, advertisers
OPENING INVENTORY (Note 5)	0 to \$1,000	As incurred	As incurred	Jazzercise or suppliers
ADDITIONAL FUNDS - 3 Months (Note 6)	\$30 to \$650	As incurred	Every 2 months	Suppliers and Advertisers
TOTAL (Note 7)	\$4,280-3,530 to \$13,650-12,900			

All figures in Item 7 are estimates only. Actual costs will vary for each franchisee depending on a number of factors.

Notes:

1. The initial franchise fee is ~~\$2,000~~-1,250 for all franchisees. Occasionally, a franchisee who resigned is recertified more than 12 months after the resignation. If this applies to you, your recertification fee is \$625.00 ~~Occasionally, a franchisee who resigned is recertified more than 12 months after the resignation. If this applies to you, your recertification fee is \$1,000~~ when you sign the Franchise Agreement. In addition, if someone who has been an employee of Jazzercise for at least 90 days becomes a franchisee who owns classes, the initial fee is ~~\$1,000~~\$625.00. See Item 5 for details and for the conditions under which the initial franchise fee is refundable.

2. If you enter into a lease agreement with a community center or other facility for the conduct of your business, in most instances, the rent required will be a percentage of gross customer enrollment fees, and no initial rent or deposits will be required. The percentage rent required by facilities can vary from no cost to 35%, or from \$10.00 to \$50.00 per class session. Jazzercise recommends negotiating for 25% of gross customer enrollment fees for rent, utilities and maintenance. Occasionally, a franchisee will be required to make a lease deposit which may vary.
3. You are currently required to purchase audio player(s), a DVD player, and a wireless microphone before beginning to conduct classes. The estimated cost of these items is between \$1,750 and \$8,000. You are also required to purchase audio recordings of each song used with each new routine contained in new routine packets supplied by Jazzercise. Jazzercise currently sends its new routines on DVD. Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routine packages to you at any time, and this may require you to make additional expenditures for equipment to receive these transmissions such as a computer system that can download music and video files. You must also wear a variety of exercise apparel and purchase minimal office supplies. You must also purchase a stage if none is available to you at the facility. You must also acquire a computer system that has the capabilities described in Item 11 to utilize the Jazzercise Franchise Assistant Software (JFAS) in addition to the items and amounts listed here. The refundability of the amounts you pay to purchase these items depends on the agreement between you and the supplier.
4. This figure includes the cost of your annual premium for liability insurance coverage which may be obtained through Jazzercise at a current charge that Jazzercise estimates will range from \$170.00 to \$220.00 (but may be higher), or through an insurance company. You must obtain worker's compensation insurance including employer's liability if required by law, with limits required by the laws that apply to you and comprehensive general liability insurance in the minimum amount of \$1,000,000, including personal injury, contractual liability, products and completed operations and professional liability coverage. Jazzercise may change these coverage requirements. If you obtain liability coverage through Jazzercise, your premium payment is non-refundable. If you obtain liability coverage through an insurance company, the refundability of your premium payment will depend on your agreement with that company. See Item 8 for details of the coverage required. You must also obtain Internet access if you do not already have it in order to receive information from Jazzercise via e-mail and in order to access Jazzercise's website.
5. You are not required to maintain an inventory of merchandise. You are also not required to obtain promotional merchandise, but may wish to do so. Promotional material costs, if any, are included in the estimated cost in this category - Opening Inventory. In general, payment for these items is not refundable.
6. You should anticipate purchasing audio recordings at intervals of approximately 2 months at a current cost of approximately \$150.00 if you are purchasing CD's or approximately \$40.00 if you are downloading music from a website such as iTunes. The refundability of these payments depends upon the agreement between you and your supplier. See Item 8 for details.
7. Jazzercise bases its estimate of these expenses on its experience and the experience of its franchisees. These figures are estimates and Jazzercise cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how much you follow Jazzercise's methods and procedures, your skill, experience and business acumen, local economic conditions, the local market, competition and the number of customers and classes you conduct. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

FRANCHISEES WHO LEASE FACILITIES

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE	\$2,000-1,250 (Note 1)	Lump Sum	At signing of Franchise Agreement	Jazzercise
TRAVEL AND LIVING EXPENSES WHILE TRAINING	0 to \$1,500	As incurred	During training	Airlines, hotels and restaurants
REAL ESTATE AND IMPROVEMENTS (Note 2)	\$5,000 to \$50,000	As incurred	As incurred	Lessor, contractors
EQUIPMENT (Note 3)	\$3,000 to \$10,000	As incurred	As incurred	Suppliers
MISCELLANEOUS OPENING COSTS (Note 4)	\$500 to \$5,000	Lump Sum	As incurred	Jazzercise or insurance company, Internet and e-mail provider, advertisers
OPENING INVENTORY (Note 5)	0 to \$1,000	As incurred	As incurred	Jazzercise or suppliers
ADDITIONAL FUNDS - 3 Months (Note 6)	\$100 to \$7,000	As incurred	Every 2 months	Suppliers and advertisers
TOTAL (Note 7)	\$40,600 9,850 to \$76,600 75,750			

All figures in Item 7 are estimates only. Actual costs will vary for each franchisee depending on a number of factors.

Notes:

1. The initial franchise fee is \$2,000-1,250 for all franchisees. ~~Occasionally, a franchisee who resigned is recertified more than 12 months after the resignation. If this applies to you, your recertification fee is \$625.00.~~ Occasionally, a franchisee who resigned is recertified more than 12 months after the resignation. If this applies to you, your recertification fee is \$1,000 when you sign the Franchise Agreement. In addition, if someone who has been an employee of Jazzercise for at least 90 days becomes a franchisee who owns classes, the initial fee is ~~\$1,000~~625.00. See Item 5 for details and for the conditions under which the initial franchise fee is refundable.
2. If you choose to lease a commercial facility on your own, either alone or with other franchisees, you will need approximately 1,200 square feet for a small facility and approximately 3,000 square feet for a large facility, and you can expect to be charged current market value rent for your geographic region. There may be also be additional costs for utility and lease deposits and office furniture and equipment, as well as expenses related to remodeling, leasehold improvements, decorating and similar costs. Estimates of those expenses are included in the chart set forth above and may cost up to \$50,000. However, if you do not rent a facility on your own, you will

not have these costs. The refundability of these payments depends upon the agreement between you and your lessor and suppliers.

3. You are currently required to purchase audio player(s), a DVD player, and a wireless microphone before beginning to conduct classes. Renting a facility requires extra equipment like stage lights, speakers, a mixer and a power amplifier. The estimated cost of these items is between \$3,000 and \$10,000. You must also purchase audio recordings of each song used with each new routine contained in new routine packets supplied by Jazzercise. Jazzercise currently sends its new routines on DVD. Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routine packages to you at any time, and this may require you to make additional expenditures for equipment to receive these transmissions such as a computer system that can download music and video files. You must also wear a variety of exercise apparel and purchase minimal office supplies. You must also purchase a stage if none is available to you at the facility. You must also acquire a computer system that has the capabilities described in Item 11 to utilize the Jazzercise Franchise Assistant Software (JFAS) in addition to the items and amounts listed here. The refundability of the amounts you pay to purchase these items depends on the agreement between you and the supplier.
4. This figure includes the cost of your annual premium for liability insurance coverage which may be obtained through Jazzercise at a current charge that Jazzercise estimates will range from \$170.00 to \$220.00 (but may be higher), or through an insurance company. You must obtain worker's compensation insurance including employer's liability if required by law, with limits required by the laws that apply to you and comprehensive general liability insurance in the minimum amount of \$1,000,000, including personal injury, contractual liability, products and completed operations and professional liability coverage. Jazzercise may change these coverage requirements. If you obtain liability coverage through Jazzercise, your premium payment is non-refundable. If you obtain liability coverage through an insurance company, the refundability of your premium payment will depend on your agreement with that company. See Item 8 for details of the coverage required. You must also obtain Internet access if you do not already have it in order to receive information from Jazzercise via e-mail and in order to access Jazzercise's website.
5. You are not required to maintain an inventory of merchandise. You are also not required to obtain promotional merchandise, but may wish to do so. Promotional material costs, if any, are included in the estimated cost in this category - Opening Inventory. In general, payment for these items is not refundable.
6. You should anticipate purchasing audio recordings at intervals of approximately 2 months at a current cost of approximately \$150.00 if you are purchasing CD's or approximately \$40.00 if you are downloading music from a website such as iTunes. The refundability of these payments depends upon the agreement between you and your supplier. See Item 8 for details. In addition, you will have expenses for rent and utilities during this period of time, as described in Note 2 and included in the category "Real Estate and Improvements".
7. Jazzercise bases its estimate of these expenses on its experience and the experience of its franchisees. These figures are estimates and Jazzercise cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how much you follow Jazzercise's methods and procedures, your skill, experience and business acumen, local economic conditions, the local market, competition and the number of customers and classes you conduct. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Jazzercise does not offer direct or indirect financing to franchisees for any items, but it may do so in the future for new Jazzercise Centers.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

New routine packets contain new routines and are available only from Jazzercise. Jazzercise does not currently charge you for the new routine packets, but may do so in the future. If you receive a new routine packet, you must purchase audio recordings for each song used with each routine. You may purchase the audio recordings from music websites such as iTunes or from any source available to you. Some of the audio recordings for songs used in new routines may be special recordings and may only be available from the music artist. You should anticipate purchasing new recordings at intervals of approximately two months at a current cost of approximately \$150.00 if you are purchasing CDs or approximately \$40.00 if you are downloading music from a website such as iTunes. The price of the audio recordings and other materials is set by the independent supplier of those items. Jazzercise has a link on its website to iTunes from which you can download the audio recordings.

Jazzercise currently sends new routine packets on DVD. However, Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routine packages to you at any time, and this may require you to make additional expenditures for equipment to receive these transmissions such as a computer system that can download music and video files. Jazzercise currently makes choreography notes on its website available to you for download and printing.

A reasonable supply of Workout Guides is currently provided by Jazzercise free of charge, except for shipping and handling charges. These guides may be replaced by an electronic version at a future date. You may obtain these only from Jazzercise. You may also purchase additional promotional materials. You must purchase sufficient amounts of advertising material from Jazzercise or contribute funds to Jazzercise to conduct an advertising campaign or marketing program if Jazzercise decides to require such a campaign or program.

You may also purchase exercise apparel and clothing bearing the "Jazzercise" name, and other products such as visual recordings, DVDs, accessories and related items from Jazzercise Apparel, a division of Jazzercise, for sale to your customers. There are no other approved suppliers for these items. You may not sell any of these items via the Internet.

Jazzercise is in the process of negotiating with a marketing company to provide marketing services, as of the date this Disclosure Document was issued. If Jazzercise enters into an agreement with a marketing company, we may require that you use these services which may involve a cost to you.

For the year ended June 30, 2013, Jazzercise's gross revenue from the sale of business and instructional materials, promotional items, the items from Jazzercise Apparel described above, and the purchase of equipment was \$1,286,637 or

approximately 6% of its total revenues of \$23,158,729. For the 6 month period ended December 31, 2013, Jazzercise's gross revenue from the sale of these same items and the purchase of equipment was \$466,521 or approximately 4% of its total revenues of \$10,535,269. However, some of these equipment sales were sales to customers other than franchisees. From these gross revenues Jazzercise had to pay the cost of these items which averaged approximately 77% of sales during both the 12 month period ended June 30, 2013 and the 6 month period ended December 31, 2013.

You must obtain the insurance coverage required by the Franchise Agreement. The required coverage currently includes worker's compensation insurance if required by law, including employer's liability if required by law, with limits as required by law, and comprehensive general liability insurance in the minimum amount of \$1,000,000, including personal injury, contractual liability, products and completed operations and professional liability coverage. The required coverage is subject to change. Jazzercise makes liability insurance coverage available to franchisees from an insurance company with which Jazzercise has negotiated a contract for coverage. Alternatively, you may obtain the liability coverage from another insurance company acceptable to Jazzercise. If you choose to obtain the liability coverage from another company acceptable to Jazzercise, the coverage period must correspond to that of the coverage Jazzercise makes available. The current coverage period is November 1, 2013 to October 31, 2014. If you obtain liability insurance coverage through Jazzercise, Jazzercise will collect your premium and an amount to cover its administration and handling costs. For the year ended June 30, 2013, after remitting the premiums due to the insurance carriers, Jazzercise's income was \$745,698 or approximately 3% of its total revenues of \$23,158,729 (Jazzercise's gross revenue from franchisees who chose to obtain insurance coverage through Jazzercise was \$1,213,690 or approximately 5% of its total revenues of \$23,158,729). For the 6 month period ended December 31, 2013, after remitting the premiums due to the insurance carriers, Jazzercise's income was \$118,260 or approximately 1% of its total revenues of \$10,535,269 (Jazzercise's gross revenue from franchisees who chose to obtain insurance coverage through Jazzercise was \$187,745 or approximately 2% of its total revenues of \$10,535,269). Jazzercise bore the cost of billing and collection, claim processing and research, responding to franchisee questions concerning insurance and issuing insurance certificates for franchisees and their landlords. In addition, Jazzercise's practice during the past fiscal year was to pay \$4,750 of the \$5,000 deductible on claims made by franchisees.

In addition, Jazzercise may receive a small amount of revenue from firms that provide products or services that franchisees are not required to use or obtain. Jazzercise receives a range of \$3.00 – \$4.00 per product that franchisees and their customers purchase from Ryka Shoes and a range of \$2.75 – \$5.00 per product that franchisees and their customers purchase from Polar Watches.

There are specifications for the audio player, microphone and DVD player which you are required to purchase as of the date this Disclosure Document was issued:

- (a) Audio Player(s) – The audio player must be a digital audio player (e.g., iPod or MP3 player) with high quality speakers adequate for a class of up to 100 customers and

for a facility large enough to accommodate 100 customers. Because the format in which the music is delivered may change, the audio player(s) required may also change.

(b) Microphone – A sturdy wireless headset microphone is required. The microphone must comply with current Federal Communications Commission (FCC) requirements.

(c) DVD Player – The DVD player must be compatible with National Television System Committee (NTSC) systems. Jazzercise currently sends new routines on DVD. However, Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routine packets to you at any time, and this may require you to purchase additional equipment and make additional expenditures for that equipment to receive these transmissions.

(d) Stage – The stage must be high enough to be seen by a full room of customers and large enough for you to perform routines correctly.

Jazzercise does not currently require you to use any specific supplier or purchase a specific brand-name for equipment or services but reserves the right in the future to do so.

If you choose to lease a commercial facility on your own or with other franchisees, the lease must contain the following provisions: a conditional lease assignment (without rent increase or penalty), the landlord's acknowledgment that you may not transfer the lease without Jazzercise's consent, the landlord's consent to Jazzercise signage, the landlord's obligation to notify Jazzercise if you default, no amendment to the lease can be made without Jazzercise's consent, if the Franchise Agreement expires or is terminated, the lease is assigned to Jazzercise or its nominee (without rent increase or penalty) when Jazzercise notifies the landlord and the landlord can rely on the notice, that Jazzercise or its nominee are not responsible for any default before the lease is assigned, that the landlord must provide Jazzercise with reports, information and data if Jazzercise requests them, that if the Franchise Agreement expires or is terminated Jazzercise may enter the premises and make alterations, and that Jazzercise is a third party beneficiary to the lease.

Other than described above, Jazzercise does not currently receive revenues from required purchases and leases of products and services. However, Jazzercise may receive revenues for promotional services it provides to suppliers or fees for the use of Jazzercise's database.

Jazzercise has developed a proprietary computer software program for customer registration that you must use. This software program includes a proprietary program for ticket handling. You must also purchase a virus protection software suite. You must also purchase a PC-based computer system with an inkjet or laser printer, a CD-burner, DVD player/burner and high speed Internet connection. See Item 11 for details.

Jazzercise does not provide material benefits to franchisees based on use of designated or approved suppliers.

Jazzercise negotiates with performing licensing organizations for the use of music by Jazzercise instructors. Jazzercise collects royalties based on the number of your customers and remits them to the licensing organization (see Item 6). Jazzercise has also negotiated a 25% discount for franchisees with ProCPR.org for online renewal of franchisees' CPR certification. Jazzercise also negotiates purchasing arrangements with vendors such as Ryka Shoes, Polar Watches and with suppliers of portable stages, signage and business supplies.

Other than Jazzercise itself, no officer of Jazzercise owns an interest in any supplier as of the date this Disclosure Document was issued.

Jazzercise estimates that the purchases and leases described above constitute over 90% of your cost to establish and operate the franchised business if you do rent a facility and 10% if you do not rent a facility.

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.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition/lease	Paragraph 1C	Items 11 and 12
b. Pre-opening purchases/leases	Paragraphs 1C and 4	Items 7 and 8
c. Site development and other pre-opening requirements	Paragraph 4	Items 7 and 11
d. Initial and ongoing training	Paragraph 3	Item 11
e. Opening	Paragraph 2B	Item 11
f. Fees	Paragraphs 3A(4), 7 and 8B; Paragraph 2 of the End User License Agreement	Items 5 and 6
g. Compliance with standards and policies/operating manual	Paragraphs 1C, 3, 4, 5A, 6, 8, 9B, 11, 13B and 14B	Item 11
h. Trademarks and proprietary information	Paragraphs 3, 4, 9B, 11, 14B; Paragraph 3 of the End User License Agreement	Items 13 and 14
i. Restrictions on products/services offered	Paragraph 4	Item 16

j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Paragraph 4	Item 8
m. Maintenance, appearance and remodeling requirements	Paragraph 4B	Item 11
n. Insurance	Paragraph 5	Items 6 and 8
o. Advertising	Paragraph 9	Item 11
p. Indemnification	Paragraph 16	Item 6
q. Owner's participation/management/staffing	Paragraph 4H	Item 15
r. Records and reports	Paragraph 8	Item 6
s. Inspections and audits	Paragraph 10	Items 6 and 11
t. Transfer	Paragraph 15; Paragraph 2 of the End User License Agreement	Item 17
u. Renewal	Paragraph 1E	Item 17
v. Post-termination obligations	Paragraph 14; Paragraph 2 of the End User License Agreement	Item 17
w. Non-competition covenants	Paragraph 12	Item 17
x. Dispute resolution	Paragraphs 17J	Item 17

ITEM 10

FINANCING

Jazzercise may offer financing for the initial franchise fee in the future. Otherwise, Jazzercise does not offer direct or indirect financing as of the date this Disclosure Document was issued. Jazzercise does not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Jazzercise is not required to provide you with any assistance.

Before you begin to conduct your Jazzercise dance fitness business, Jazzercise will provide:

(1) Guidelines, criteria and specifications for selection of a facility at which to conduct your Jazzercise dance fitness business (See Franchise Agreement, Paragraph 1C(1)).

(2) If you are leasing a commercial facility at which to conduct your Jazzercise dance fitness business, evaluation of the location you propose for your classes. You select the location for your franchise business subject to Jazzercise's consent in writing. Jazzercise will not inspect the facility you propose (See Franchise Agreement, Paragraph 1C).

Your proposal is due by the 5th of the month and Jazzercise will respond to your proposal for a location within 30 days. If you and Jazzercise cannot agree on a proposed location, then you must find another location and request Jazzercise's consent. You must obtain Jazzercise's consent to a location and your first class within 3 months after signing the Franchise Agreement. If you do not do so, your Franchise Agreement may be terminated.

(3) Assistance in initiating and promoting the use of facilities and development of classes (See Franchise Agreement, Paragraph 3B(1)).

(4) Instruction and assistance in bookkeeping techniques, recordkeeping and the general operation of your business (See Franchise Agreement, Paragraph 3B(2)).

(5) Production and dissemination of dance routines which are provided to you on DVD (Jazzercise may change the medium, e.g., digital recording, Internet or other electronic transmission, by which it transmits new routine packages to you at any time), materials and forms necessary to assist you in beginning your business (See Franchise Agreement, Paragraphs 3B(3) and 3D). Some of these materials are not sent to business franchisees.

(6) Instruction and training in health and fitness, Jazzercise procedures, choreographed routines, and the conduct of Jazzercise classes through organized workshops, as described in greater detail below (see Franchise Agreement, Paragraph 3A and Lite Jazzercise, Low Impact Jazzercise and Junior Jazzercise Addenda, Paragraph 3).

(7) Jazzercise will grant you access to the portion of its website known as the Franchise Zone, which contains its requirements and policies. The Franchise Zone is Jazzercise's online version of an operating manual. Jazzercise will notify you of updates to the Franchise Zone via the Jazzercise website while you are a franchisee (See Franchise Agreement, Paragraph 3C). Any changes to the Franchise Zone will not materially alter your fundamental rights under the Franchise Agreement. A copy of the Franchise Zone Navigation as of the date this Disclosure Document was issued is attached as Exhibit E to this Disclosure Document. Exhibit E also includes the number of pages in the Franchise Zone devoted to each subject and the total number of pages. The total number of pages in the Franchise Zone is 183.

(8) Evaluation of your proposal to start a class or classes (See Franchise Agreement, Paragraph 4D). In general, the factors which Jazzercise may consider are whether there are other classes taught in the same facility or geographic area at or near the same days and times, whether these classes are at capacity, customer demand and the need for additional classes in an area. These criteria may include:

(a) The proposed class may not cause a material diminution in the enrollment of existing classes in your territory or at the facility. Jazzercise will consider the number and the type of existing Jazzercise classes being taught by existing franchisees in the territory, the population of the territory and its density, demographics, the number of facilities available to franchisees within the territory and the extent to which franchisees in the territory are actively seeking to increase the enrollment in their existing classes;

(b) The proposed class has a sufficient enrollment of new customers not attending other Jazzercise classes;

(c) Jazzercise determines that the history of class growth in the territory and for the proposed schedule and location justifies the approval of an additional class; and

(d) Jazzercise's evaluation of the performance of franchisees currently operating in the territory.

The typical length of time between signing the Franchise Agreement and beginning to conduct classes is 6 weeks to 3 months. The factors that may affect this time period include your ability to locate a facility for your classes, your availability for training and the delivery of teaching equipment for your class.

During the operation of your business, Jazzercise will furnish the following assistance:

(1) Production of new choreographed routines which will be distributed to you at no cost, although Jazzercise may charge for the new routines in the future. If you are only licensed to teach classes with less strenuous routines, you can only teach routines designated "less strenuous". Therefore, you might only receive new routines for less strenuous routines. Similarly, if you are only licensed to teach children's programs, you might only receive new routines for children's programs. Jazzercise currently sends new routine packets on DVD. You may not receive new routines at all if you are a business franchisee. Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routine packages to you at any time, and this may require you to make additional expenditures for equipment to receive these transmissions. Jazzercise currently makes choreography notes on its website available to you for download and printing. In addition, Jazzercise may distribute audio recordings of songs used with routines to you or make them available through a link on its website, if these recordings are available to Jazzercise. You are required to pay for these audio recordings as described in Item 8 (See Franchise Agreement, Paragraph 4E(3) and Lite Jazzercise, Low Impact Jazzercise and Junior Jazzercise Addenda, Paragraph 3).

(2) Continuous training and supervision in the routines and in the operation of your business including the preparation and revision of policies and procedures on the Franchise Zone to assist you in all phases of your business (See Franchise Agreement, Paragraph 3.D(1)).

(3) Preparation and dissemination of promotional and advertising materials for your use (See Franchise Agreement, Paragraph 3D(1)).

(4) Preparation and dissemination of masters of letters, brochures, handouts and other materials for distribution to your customers, including a reasonable supply of Workout Guides which are provided to you free of charge except for shipping and handling charges (See Franchise Agreement, Paragraph 3D(1)).

(5) Rendering bookkeeping and accounting services to assist you in preparing accountings and reports and for the purpose of maintaining statistical information for use by you and Jazzercise (See Franchise Agreement, Paragraph 3D(1)).

(6) Taking all action Jazzercise deems necessary to protect the trademarks and goodwill of the Jazzercise name (See Franchise Agreement, Paragraph 3D(1)).

(7) Public relation activities and promotion of the Jazzercise program through Jazzercise's choice of media which may include newspapers, magazines, public appearances, celebrations, benefits and other special events, both nationally and regionally (See Franchise Agreement, Paragraph 3D(1)).

(8) Assistance, advice, rehearsal, critiques and guidance in securing and preparing demonstrations, celebrations, public performances and other appearances (See Franchise Agreement, Paragraph 3D(1)).

(9) Assistance and instruction in contacting the media and organizations for promotional purposes (See Franchise Agreement, Paragraph 3D(1)).

(10) Assistance and training which is provided through Jazzercise's district managers in procedures and policy; coordinating class schedules, facilities and times; resolving conflicts or disputes between franchisees and generally assisting you (See Franchise Agreement, Paragraph 3D(1)).

(11) In addition, Jazzercise may create and make available to you a line of exercise oriented clothing and other products for sale to your customers (See Franchise Agreement, Paragraph 3D(1)).

(12) Evaluation of your proposal to start additional classes (See Franchise Agreement, Paragraph 4D).

(13) Jazzercise may send its representative or agent to evaluate your classes or otherwise evaluate your classes to determine whether or not you (or the Jazzercise instructor who conducts your classes if you are a business franchisee) are conducting them in a manner consistent with Jazzercise's policy and procedures. You may be

required to send Jazzercise a DVD or digital file of yourself (or your instructor) teaching a class to allow Jazzercise to evaluate your performance periodically (See Franchise Agreement, Paragraph 10).

(14) Providing a proprietary computer software program for customer registration known as Jazzercise Franchise Assistant Software (JFAS) for which you may be charged a fee in the future (see Franchise Agreement, Paragraph 8B).

Advertising

Jazzercise disseminates advertising and conducts promotions, and may require you to participate in or contribute to a marketing program or advertising campaign. These programs and campaigns may involve gift certificates or discounts that are provided to customers. Jazzercise may also establish an advertising fund. If it does so, you must contribute to it. Jazzercise has not established an advertising fund as of the date this Disclosure Document was issued. It has not determined how much franchisees would be required to contribute if it does establish an advertising fund. If it establishes an advertising fund, Jazzercise may make financial reports of the advertising fund available to you upon reasonable request. You may request a copy of Jazzercise's financial report that Jazzercise has prepared for the advertising fund (if and when Jazzercise establishes an advertising fund) by sending a written request to Jazzercise. Jazzercise may advertise in all types of media - print, radio, television - on a local, regional or national basis. Jazzercise provides you with promotional and advertising materials that it develops for your use. Jazzercise develops its advertising in its in-house marketing department. Jazzercise may periodically consult with an advertising agency. In addition, Jazzercise may provide sales training or other material to assist you in selling Jazzercise Apparel merchandise. If Jazzercise provides sales training and materials to you, it may transmit them by various means including via digital recording, Internet or other electronic transmission.

As of the date this Disclosure Document was issued, there is no advertising council composed of franchisees, and you are not required to participate in any local or regional advertising cooperatives.

You may develop and use your own advertising materials, including advertising copy mailers, handouts and flyers, after they have been approved by Jazzercise. You may not participate in any benefits or promotional events unless they are approved by Jazzercise. Jazzercise's approval must be in writing.

Computer System

The Jazzercise Franchise Assistant Software (JFAS) is Jazzercise's proprietary computer software program for customer registration and is currently a Windows-based application that you must use. As of the date this Disclosure Document was issued, Jazzercise anticipates that it this program will be conducted as a web-based application by the end of 2014, and that Jazzercise will have access to all information stored in the program. Jazzercise may provide this program under a different name. JFAS allows

you to catalog customer names and addresses, generate reports of various types of receipts, print tickets with customer name, ticket type, promotional discounts and bar codes, and track customer attendance, class schedules, class and merchandise purchases, promotional discounts, and continuing franchise fees owed to Jazzercise. As of the date this Disclosure Document was issued, Jazzercise does not charge a license fee for this program but it may do so in the future. You must also agree to the terms of an end user license agreement before downloading the software onto your computer. This agreement is attached to this Disclosure Document as Exhibit H.

Jazzercise has also developed a proprietary program for ticket handling, Easy Fitness Ticket (EFT) ticket handling to help you manage Jazzercise's EFT automatic deduction program. You must pay processing fees to use the EFT program. The EFT program is part of JFAS. In the future, recurring billing may be a part of JFAS or its replacement. Jazzercise may use a third party vendor to provide EFT services. If and when Jazzercise does so, you will be required to use the third party vendor's services, sign any forms required by the third party vendor to use its services, submit to a credit check, and pay the required processing fees, which may be different from the fees as of the date this Disclosure Document was issued.

Neither Jazzercise nor any affiliate or third party has a contractual right or obligation to provide ongoing maintenance, repairs, upgrades or updates to the software. Jazzercise does provide software support and upgrades to Jazzercise franchisees through a program called JFAS Support. JFAS Support will provide support to you without charge for up to 12 incidents a year. In order to receive JFAS support you must upgrade and/or update the software program as Jazzercise will not support franchisees using JFAS versions that are more than one version old or two years old, whichever comes first. Jazzercise may charge a fee for this program and support in the future.

Jazzercise offers access to its extranet systems, known as the Jazzercise Business Center (which may in the future be known by another name) and the Franchise Zone, to deliver services, assistance and information to franchisees. Jazzercise requires you to obtain a computer so that you have access to this system. It must be a PC-based computer system with an Inkjet or laser printer, DVD player/burner and high speed Internet connection sufficient to download all documents and files required by Jazzercise. The computer must have sufficient memory to store these documents and files as well as the ability to run the most current version of the JFAS program. Franchisees must also maintain a working e-mail address at all times as well as the ability to access e-mail on a regular basis in order to receive communications sent by Jazzercise. In order to ensure that integrity and security of Jazzercise systems, and for the protection of customers, you must purchase, install and keep up to date a virus protection software suite. Jazzercise recommends the following vendors: Norton (Symantec), McAfee, Kaspersky, AVG, Bit defender or F-Secure. Jazzercise does not guarantee these products or provide a warranty for them. Jazzercise also recommends that you use passwords on any computers or mobile devices that you use for customer data and accessing Jazzercise systems, and change them periodically. The estimated cost to purchase or lease the computer system for the operation of your business is \$1,000 to \$3,000 depending upon which system you choose to use. Unless you and

Jazzercise agree otherwise, Jazzercise will not have independent access to the information you store in your computer system. In the future, Jazzercise may require that you allow Jazzercise to inspect the security software on your computer to ensure your compliance with payment industry standards before you can access Jazzercise's networks, websites, and applications. The annual cost to maintain, upgrade and provide support to your computer system will vary depending on the type of system you use.

When you begin to utilize the Jazzercise Business Center, Jazzercise will require that you perform designated functions through the Business Center. These functions will change periodically. For example, you must update your class schedule on-line in the Jazzercise Class Locator System, manage your own Easy Fitness Ticket (EFT) account, pay your fees and submit reports through the Business Center.

Training

You will be sent a pre-training packet approximately 4 to 6 weeks before the initial training begins. You must review the materials and practice the routines during this period of time. If you are only licensed to teach classes with less strenuous routines or classes with low impact routines, or if you are only licensed to teach children's programs, you will only receive this type of choreographed routine. If you are a business franchisee you will not be sent a pre-training packet and you must only attend the business and movement portions of training. The 1 to 3 day extensive training for all franchisees is conducted at selected locations throughout the country. Following is information on the training for all franchisees:

TRAINING PROGRAM

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS OF ON THE JOB TRAINING</u>	<u>LOCATION</u>
<u>BEFORE TRAINING</u>			
Exercise Science and Safety Guidelines	0	0	Franchisee's Home
Exam (taken online)	0	0	Franchisee's Home
Routine choreography*	0	0	Franchisee's Home
Rehearsals (recommended but not required)	6	0	Various locations throughout the U.S.
<u>AT TRAINING – ASSOCIATES AND CLASS OWNERS</u>			
Set Structure	2 hours	0	Various locations throughout the U.S.
React to an Incident during class	35 minutes	0	Various locations throughout the U.S.
Movement Technique	45 minutes	0	Various locations throughout the U.S.

Practice Cueing	30 minutes	0	Various locations throughout the U.S.
Front Desk Procedures	20 minutes	0	Various locations throughout the U.S.
Basic Sales Training	25 minutes	0	Various locations throughout the U.S.
Preparing to teach your first class	20 minutes	0	Various locations throughout the U.S.

AFTER TRAINING – ASSOCIATES AND CLASS OWNERS

Submitting an Associate Sub Report (conf call)	15 minutes	0	Franchisee's Home
Changing Your Set (webinar/conf call)	1 hour	0	Franchisee's Home
Reaching Customers (conf call)	30 minutes	0	Franchisee's Home
Growing Your Business (conf call)	20 minutes	0	Franchisee's Home
Paying annual insurance and associate sub fee (conf call)	30 minutes	0	Franchisee's Home

AFTER TRAINING – CLASS OWNERS ONLY

Key Business Drivers	30 minutes	0	Franchisee's Home
Jazzercise Facility	30 minutes	0	Franchisee's Home
Class Schedules and Pricing	20 minutes	0	Franchisee's Home
Recruiting	20 minutes	0	Franchisee's Home
Managing Associates and Sales Team	30 minutes	0	Franchisee's Home
In-Class Procedures	30 minutes	0	Franchisee's Home
Marketing and PR	30 minutes	0	Franchisee's Home

*Jazzercise currently sends these items to you on DVD. However, Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routine packages to you at any time.

The number of training sessions is determined upon need and demand for additional franchisees. New franchisee trainings are held in various locations throughout the country as the need arises. Jazzercise will try to schedule your training in your vicinity, although in some cases this is not possible.

The pre-training packet contains the instructional materials for each subject: text material on health and fitness, and instructional presentations on techniques, safety guidelines, leadership and "Jazzercise" choreography. Jazzercise currently provides you with these presentations on DVD. However, Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routine packages to you at any time. Instructors who conduct Jazzercise training for new franchisees have a minimum of 2 years of experience as Jazzercise franchisees and have received satisfactory teaching critiques from Jazzercise. They also have a minimum of 2 years of experience in the field of instruction.

Jazzercise does not charge for this training or service, but you must pay your travel and living expenses while attending the training if it is conducted away from your residence or if you choose to attend training conducted away from your residence. These expenses will vary from \$50.00 or less to a higher amount depending on the method of transportation and type of accommodations if the training is conducted away from your residence.

The training program is mandatory for all new franchisees and for recertified franchisees. You must complete the training program to Jazzercise's satisfaction. You may also have to attend and satisfactorily complete the training program or parts of it to receive Jazzercise's consent to change your status from an instructor licensed only to teach classes with less strenuous or low impact routines or children's programs to an instructor licensed to teach other classes, or from a business franchisee to a franchisee who is an instructor (see Item 6).

You must comply with all of Jazzercise's reasonable requests to attend meetings and training sessions, including the Continuing Instructor Education Program. You must attend all district meetings.

ITEM 12

TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

You are granted a non-exclusive right to conduct the Jazzercise dance fitness program at designated facilities and on approved dates and times within a non-exclusive territory. Territories are a state or a portion of a state.

Before you begin offering or conducting a class or relocating a class, you must obtain Jazzercise's written consent. In general, the criteria for approval by Jazzercise for offering or conducting a class or for relocating a class are whether there are other classes taught in the same facility or geographic area at or near the same days and times, whether these classes are at capacity, customer demand and the need for additional classes in an area.

Jazzercise may license additional franchisees in your territory when it determines there is a sufficient number of potential customers to warrant additional classes or instructors in a given area or facility, or when Jazzercise determines there is a need for associate instructors. On occasion, a new franchisee is appointed as an associate only or a new franchisee may be appointed in a territory in which only one class is available to be taught at a particular facility. In these cases the franchisee may be limited to substituting only or teaching this one class plus substituting for other franchisees until additional classes or facilities become available. Associate instructors are franchisees who do not own their own classes but who teach classes for other franchisees on a

short or long term basis. You must make your own arrangements if you use associate instructors. There are some guidelines for using associate instructors and they are described in the Franchise Zone. You must also make your own arrangements with instructors if you are a Business franchisee. There are laws concerning the distinction between employees and independent contractors. Jazzercise recommends that you consult with your own advisors on how these laws apply to you and how to structure your arrangements with associate instructors, and the impact of those arrangements.

Some instructors are licensed to conduct a dance fitness program consisting solely of routines with less strenuous formats or solely of routines with low impact formats which may be designed for teaching to populations with special needs. Other instructors are licensed to conduct a dance fitness program consisting solely of children's programs.

If you want to change your status from associate instructor to class owner or vice versa, you must first obtain Jazzercise's consent through its district manager. There may be conditions that you must satisfy in order for the consent to be effective. This also applies to instructors who are licensed only to teach classes with less strenuous or low impact routines or to teach children's classes and wish to change their status to instructors certified to teach other classes, and to Business franchisees who wish to change their status to become instructors.

Jazzercise has not granted any options, rights of first refusal or similar rights to acquire additional franchises as of the date this Franchise Disclosure Document was issued, but it reserves the right to do so.

Jazzercise conducts the dance fitness program at company-owned facilities in Oceanside and Carlsbad, California and in Abilene, Texas. Jazzercise may open additional company-owned facilities.

You must teach a minimum number of classes as provided in the Franchise Zone except if you are a business owner and do not teach classes. This may change periodically and is ~~4 to 8~~ classes per month as of the date this Franchise Disclosure Document was issued. Your non-exclusive right to conduct business in your territory is not dependent upon a certain sales volume, market penetration or other contingency. However, you are also required to pay the minimum continuing fee of \$150.00 per month. This will increase to \$250.00 per month for continuing fees due after ~~July~~ January 1, 2014 ~~2015~~ and may further increase to \$500.00 per month. If you are an associate instructor, the minimum annual fee is \$100.00 (which may increase to \$250.00). If you are a Business franchisee, the minimum continuing fee is \$500.00 per month (which may increase to \$1,000 per month).

Jazzercise has used and reserves the right to use other channels of distribution such as the Internet, catalog sales, telemarketing or other direct marketing, to make sales of products bearing the "Jazzercise" or "Jazzercise Apparel" names or any similar name to or from any location. Jazzercise also reserves the right to use these channels of distribution to sell products or services under different trademarks.

You are not permitted to have an individual franchisee website. You may choose, however, to promote your class via alternate on-line strategies consistent with Jazzercise's on-line policy. Jazzercise's on-line policy and social media policy are integral parts of the Jazzercise System. Jazzercise has the right to review all on-line content on social media sites, blogs, in electronic communications and on other on-line sites on which its trademarks are used to protect the reputation and high quality associated with its trademarks. Jazzercise may require you to remove any questionable usage or content involving its trademarks. Jazzercise may also require you to cease using its trademarks at all on such sites. If you do not comply with Jazzercise's on-line policy or social media policy, Jazzercise may take legal action to require you to do so, and may terminate your Franchise Agreement.

As of the date this Disclosure Document was issued, Jazzercise does not intend to establish other franchises or company owned outlets to conduct a dance fitness program or to sell similar services under a different trademark, although it has the right to do so. From time to time, Jazzercise may develop new programs under the Jazzercise family of brands.

ITEM 13

TRADEMARKS

Jazzercise grants you the right to conduct classes under the name "Jazzercise." You must also use other trademarks which we develop or prescribe to identify your business and its services and products. By trademark, Jazzercise means trade names, trademarks, service marks and logos used to identify your business, its services and its products.

Jazzercise maintains control over the quality of its trademark and trade name usage. You must follow our rules when you use these trademarks. You cannot use a name or mark as part of a corporate name or with modifying words, designs or symbols except for those which Jazzercise licenses to you. You may not use Jazzercise's trademarks in the sale of an unauthorized product or service or in a manner not authorized in writing by Jazzercise.

You must abide by Jazzercise's on-line policy and social media policy which include approved on-line activities to promote the Jazzercise program and approved use of its trademarks. Jazzercise's on-line policy and social media policy are subject to change periodically. Your failure to comply with the Jazzercise on-line policy is a serious breach of the Franchise Agreement and may result in termination. If you do not comply, Jazzercise may also take legal action against you.

The name "Jazzercise" is registered on the Principal Register in the United States Patent & Trademark Office, bearing registration number 1,079,083, registered on December 6, 1977 by Judi Sheppard Missett. All rights incident to the use of the mark have been assigned to Jazzercise. Jazzercise has filed all required affidavits and all renewals, where appropriate. A list of additional trademarks which Jazzercise has

registered or for which it has applied for registration appears below. In addition, Jazzercise has registered its trademarks or applied for registration in certain other countries.

<u>Type of Mark</u>	<u>Mark Name</u>	<u>Registration Number</u>	<u>Registration Date</u>
Service Mark		1,863,352	11/15/1994
Trademark	CYBERSTRETCH	2,184,499	08/25/1998
Service Mark	FITNESS, FRIENDSHIP & FUN	2,914,106	12/28/2004
Service Mark	FIT IS IT	1,589,433	03/27/1990
Trademark/ Service Mark	JAZZ CARDIO STRENGTH STRETCH	3,137,419	08/29/2006
Trademark/ Service Mark	JAZZERCISE (CL.14)	1,587,697	03/20/1990
Trademark/ Service Mark	JAZZERCISE (CL.18)	1,587,823	03/20/1990
Trademark/ Service Mark	JAZZERCISE (CL.21)	1,587,879	03/20/1990
Trademark/ Service Mark	JAZZERCISE (CL.24)	1,587,896	03/20/1990
Trademark/ Service Mark	JAZZERCISE (CL.25)	1,589,011	03/27/1990
Trademark/ Service Mark	JAZZERCISE (CL.28)	1,589,110	03/27/1990
Trademark/ Service Mark	JAZZERCISE (CL.41)	1,079,083	12/06/1977
Trademark	JAZZERCISE	3,725,425	12/15/2009
Trademark/ Service Mark		3,106,514	06/20/2006
Trademark	JAZZERCISE BODY SCULPTING	2,969,610	07/19/2005
Service Mark		1,405,299	08/12/1986
Service Mark	JAZZERCISE FIT IS IT	1,470,096	12/22/1987
Service Mark	JAZZERCISE IT SHOWS	2,668,728	12/31/2002
Service Mark	JAZZERCISE LITE	1,602,932	06/19/1990
Service Mark	JAZZERCISE PERSONAL TOUCH	2,004,115	10/01/1996
Service Mark	JAZZERCISE TEAM DANCE	3,519,691	10/21/2008
Trademark	JAZZERTOGS	1,596,564	05/15/1990

Service Mark	JAZZERTOGS	1,588,320	03/20/1990
Service Mark	JM DIGITALWORKS	3,201,123	01/23/2007
Service Mark	JUNIOR JAZZERCISE	1,586,174	03/06/1990
Service Mark	KIDS GET FIT	3675709	09/09/2009
Service Mark		1,873,420	01/10/1995

All registrations are on the Principal Register except JAZZ CARDIO STRENGTH STRETCH which is on the Supplemental Register. In addition, Jazzercise may, in its discretion, permit you to use the following trademarks: BODY SCULPTING BY JAZZERCISE and STEP & SCULPT. Jazzercise has successfully petitioned to cancel Registration No. 1,615,454 for "BODY SCULPTING," owned by a third party, on the basis of genericness, *inter alia*.

There are no currently effective material determinations of the U.S. Patent and Trademark Office, trademark trial and appeal board, the trademark administrator of this state or any court, or any pending infringement, opposition or cancellation or any pending material litigation involving the principal trademarks.

No agreements limit Jazzercise's right to use or license the use of its trademarks.

You must notify Jazzercise immediately when you learn about an infringement of or challenge to your use of our trademarks. The Franchise Agreement requires Jazzercise to protect the trademarks and the goodwill of the "Jazzercise" name. The Franchise Agreement does not contain a provision requiring Jazzercise to protect franchisees against claims of infringement. However, Jazzercise does so as a matter of practice if you are using the trademarks as required by the Franchise Agreement. Jazzercise will control any proceeding or litigation relating to its trademarks. You are required to assist Jazzercise in protecting any of its rights, at Jazzercise's expense.

Jazzercise has the right to require you to modify or discontinue use of a trademark or to use a new trademark. If Jazzercise does so, you are responsible for any costs you incur to change or discontinue the use of that trademark or to begin using the new trademark.

Jazzercise does not know of any infringing uses that could materially affect your use of its trademarks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Jazzercise's program and classes do not involve patents and Jazzercise owns no patents.

As long as you are not in breach of your Franchise Agreement, you have the right to use Jazzercise's choreographed routines which are protected by copyright. Jazzercise or its founder have filed claims of copyright with the Registrar of Copyrights for choreography, which have been assigned registration numbers PA 28 263, PA 28 262, PA 65-959, PA 95 429, PA 129 661, PA 171 336, PA 207 810, PA 261-461, PA 275-041, PA 567-196, PA 663-206, PA 721-093, PA 721-794, PA 723-095, PA 723-096, PA 825-006, PA 825-007, PA 828-055, PA 836-044, PA 885-240, PA 930-604, TX 2-713-444, TX 5-547-188, TX 5-544-200, TX 5-547-189, PA 1-132-527, PA 1-220-146, PA 1-269-056, PA 1-317-599, PA 1-376-800, PA 1-672-948, PA 1-673-212, PA1-691-308, PA0001805720, PA0001805721, PA0001805719, PA0001842518, PA0001842508, PA0001842510, PA0001842512, PA0001842516, PA0001842505, PA0001842390, PA0001842449, PA0001842491, PA0001842494, PA0001842528, PA0001842519, PA0001842520, PA0001842521, PA0001842527. Filings for certain choreography are pending as of the date this Disclosure Document was issued.

Jazzercise also owns the copyright in the Jazzercise Franchise Assistant Software which was registered on February 13, 1998 and assigned registration number TXu 840-556. Jazzercise also owns CYBERSTRETCH which was registered on December 12, 1997 and assigned registration number TXu 833-284 and JAZZERCISE INTERNET WEBSITE which was registered on January 2, 2002 and assigned registration number TX 1-023-278.

Other than these registrations, there is no presently effective determination of the Copyright Office, or of any court, or any pending material litigation involving any of these copyrights.

In general, the term of copyright protection for a work for hire is the shorter of 95 years following its publication or 120 years from its creation. Works such as Jazzercise's choreography that were created after January 1, 1978 are not subject to renewal registration.

You must notify Jazzercise immediately when you learn about an infringement of or challenge to your use of our copyrighted materials. As a matter of practice, Jazzercise protects franchisees against claims of infringement if franchisees are using the copyrighted material as required by the Franchise Agreement and the End User Agreement. You are required to assist Jazzercise in protecting any of its rights, at Jazzercise's expense.

No agreements limit Jazzercise's right to use or license the use of its copyrighted materials.

Jazzercise does not know of any infringing uses that could materially affect your use of its copyrighted materials.

You also receive the right to use certain of Jazzercise's trade secrets and confidential information including program materials, routines, customer lists, promotional materials and marketing and business methods. You must provide Jazzercise with updated customer information upon request and return all customer lists to Jazzercise when the Franchise Agreement is terminated or expires.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You are the only individual authorized to conduct the Jazzercise dance fitness program. Some instructors are only permitted to conduct a dance fitness program consisting solely of less strenuous routines, consisting solely of low impact routines or consisting solely of children's programs. An instructor must be actively teaching, as periodically described by Jazzercise in its Franchise Zone, in order to remain a franchisee. The minimum number of classes per month that an instructor must teach as of the date this Franchise Disclosure Document was issued is 4 to 8 classes per month. Business franchisees do not act as instructors at all. You may assign your franchised business to a corporation or other entity in which you are the owner of 100% of the outstanding shares or other ownership interest or to a corporation or other entity in which you have a controlling interest and the stock or ownership is held by members of your immediate family or in trust for them. However, you remain the individual who is party to the Franchise Agreement and you (or your authorized instructor, if you are a Business franchisee) must continue to be the sole individual conducting the dance fitness program.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Jazzercise permits you to conduct the Jazzercise dance fitness program. Some instructors are only permitted to conduct a dance fitness program consisting solely of less strenuous routines, consisting solely of low impact routines or consisting solely of children's programs. Those instructors must obtain Jazzercise's written consent before they can teach other classes. Business franchisees are not permitted to teach classes at all and must make arrangements with other Jazzercise instructors to do so (see Item 12).

If you wish to do so, you may sell certain clothing, accessories, DVDs and other products which we make available under the Jazzercise trademarks. You may not sell these products via the Internet. You are not permitted to vary the Jazzercise program or to add products or services which Jazzercise does not authorize. You must use the class structure and only those dance fitness routines and programs that have been choreographed and approved by Jazzercise. It is important that the Jazzercise program be consistent and incorporate the same elements wherever it is taught. This benefits all

of our instructors. Therefore, you may not use the "Jazzercise" name or any of our other trademarks for any other activities.

You may not engage in or have a financial interest in any similar business. A similar business is one that conducts an aerobic, stretch, strength training, tone, dance fitness or exercise fitness program and a business that sells a line of products similar to those distributed through Jazzercise Apparel or Jazzercise. Although your classes are confined to a specific territory, you may enroll customers and sell Jazzercise merchandise to customers who come from outside of your territory.

In general, you may not offer products other than Jazzercise products to customers in your Jazzercise classes. However, you may engage in a retail business which sells products similar to those dance fitness products distributed by Jazzercise if:

- (1) You obtain Jazzercise's prior consent in writing. The Franchise Agreement does not set a time limit for Jazzercise to respond to your request, but Jazzercise will ordinarily do so within 30 days;
- (2) The business is not conducted from the same premises in which the Jazzercise dance fitness program is being conducted;
- (3) The business is not identified with Jazzercise;
- (4) You do not use any Jazzercise trademark in this business;
- (5) The time you devote to this business does not adversely affect your Jazzercise business;
- (6) You do not use Jazzercise's confidential lists of customers, franchisees and other personnel in your other business; and
- (7) You obtain sufficient insurance coverage at limits and including coverage acceptable to Jazzercise that includes Jazzercise as an additional named insured with the right to receive at least 30 days' prior written notice of any modification, cancellation or termination of the policy, and you must provide Jazzercise with evidence of all of this.

In addition, if you lease a center and the primary use of the center is to conduct Jazzercise dance fitness classes, you may operate a boutique at the center to sell sportswear, accessories and dance fitness apparel, if:

- (1) The quality of the products you offer for sale must meet the specifications established by Jazzercise in the Franchise Zone; and
- (2) The products are not displayed in a manner which may confuse the public as to their origin or which imply they are offered under the Jazzercise or Jazzercise Apparel name.

You may not use any of the Jazzercise trademarks in a manner that will confuse the public as to the origin of any other products or to imply that they are offered under the Jazzercise name.

Jazzercise has the right to change the types of authorized goods and services that you provide by making changes to the Franchise Zone. There are no limits on its right to do so except that the changes may not materially alter your fundamental rights under the Franchise Agreement.

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.

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
a. Length of the franchise term	Paragraph 1E(1)	5 years.
b. Renewal or extension of the term	Paragraph 1E(2)	If you meet certain conditions, you can enter into a renewal Franchise Agreement for an additional term of 5 years; this does not apply if you are signing a new Franchise Agreement because you are relocating to a new state.
c. Requirements for franchisee to renew or extend	Paragraph 1E(2)	You must sign Jazzercise's then-current form of Franchise Agreement. This agreement may contain materially different terms and conditions than your original Franchise Agreement. You must comply with and fulfill all of your obligations under your current Franchise Agreement. You must meet Jazzercise's then-current requirements for franchisees including maintaining Jazzercise's image. You must also successfully complete workshop if Jazzercise requires you to do so. You must sign a release. You must not have received 3 or more default notices in any 24 month period. Jazzercise must not have decided to withdraw from your market. You must have the right to continue occupying your current location. You must attend

Provision	Section in Franchise or Other Agreement	Summary
d. Termination by franchisee	Paragraph 13A	all district meetings and you must not have repeatedly mis-used or failed to use Jazzercise's current names and logos on advertising materials. Renewal option does not apply if you have moved to another state.
e. Termination by franchisor without cause.	Not Applicable	Not Applicable
f. Termination by franchisor with cause.	Paragraphs 13B and 13C	Jazzercise can terminate only if you default or if the events described in g and h occur.
g. "Cause" defined- curable defaults	Paragraph 13C	You have 5 days to cure nonpayment and up to 30 days for other types of noncompliance.
h. "Cause" defined- non-curable defaults	Paragraph 13B	Noncurable defaults: bankruptcy or insolvency, abandonment, mutual agreement to terminate, your material misrepresentation to Jazzercise, conduct which reflects unfavorably on Jazzercise, failure to obtain Jazzercise's consent to location within 3 months, failure to open your location within 3 months of being certified, failure to complete the initial training program, repeated failure to comply with franchise requirements, conviction of a felony or other criminal misconduct, unauthorized transfer, termination of any other agreement with Jazzercise, eviction by lessor for any reason, seizure by government official or lienholder, unauthorized use of Jazzercise intellectual property, failure to treat the Franchise Zone and contents confidentially, noncompliance with law, failure to report money collected, incur insufficient funds fee on 3 or more occasions in a 12 month period, undischarged levy of execution on franchise, final judgment remains unsatisfied for 30 days, danger to public health or safety, you become a specially designated national or blocked person, you do not comply with Jazzercise's on-line or social media policy, you are not authorized to work in the United States, you engage in fraud, you fail to submit reports to

Provision	Section in Franchise or Other Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Paragraph 14	<p>local licensing laws within 7 days.</p> <p>Pay all amounts due to Jazzercise, discontinue use of trademarks, de-identify, return or destroy documents, DVDs, lists and all other proprietary information to Jazzercise, stop use of phone numbers, e-mail address, and other similar communication methods, assist in smooth transition, refrain from soliciting customers or personnel, refrain from making disparaging remarks, obtain tail insurance coverage, comply with all other requirements on Franchise Zone (also see r below).</p>
j. Assignment of contract by franchisor	Paragraph 15A	No restriction on Jazzercise's right to assign.
k. "Transfer" by franchisee – definition	Paragraph 15B	<p>Transfer includes any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer, in whole or in part, of any interest in the Franchise Agreement or any interest in Jazzercise. Transfer also includes any transfer to any of your surviving spouse, heirs, estate or other representative upon death.</p>
l. Franchisor approval of transfer by franchisee	Paragraph 15B; Addenda (Paragraph 3)	<p>You may only transfer to another franchisee. You must obtain Jazzercise's consent to all transfers. However, you may transfer a class to an existing franchisee in your territory if you notify your district manager in writing and report to Jazzercise the facility information, gross sales, sale price of classes, total sale price and the terms and conditions of the sale. There are restrictions on transferring classes to instructors who are only permitted to teach classes with less strenuous or low impact routines, or children's programs. You may transfer your business to an entity, but you must remain the franchisee under the Franchise Agreement.</p>

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
m. Conditions for franchisor approval of transfer	Paragraph 15B(4)	You must be in good standing and be in compliance with all of Jazzercise's then-current standards. You must obtain lessor's consent if required. The transferee must successfully complete Jazzercise's training and must meet franchisee qualifications. The transferee must assume your obligations in writing by signing the then-current Franchise Agreement. You must sign a release. The transferee must have all of the necessary licenses. The transferee must not be a specially designated national or blocked person.
n. Franchisor's right of first refusal to acquire franchisee's business	Paragraph 15C	Jazzercise can match any offer for your business.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	Paragraph 15D	If you die, your executor or representative may sell the franchise to a qualified buyer within 60 days provided an associate instructor conducts the classes until the sale and payments to Jazzercise continue to be made. If you become disabled you must secure an associate instructor; if you cannot do so, you can request a leave of absence (see Item 6); your disability may not extend beyond 18 weeks.
q. Non-competition covenants during the term of the franchise	Paragraph 12A	You may not be involved in any business similar to Jazzercise.
r. Non-competition covenants after the franchise is terminated or expires	Paragraphs 12A, 14B and 14C	You may not conduct any dance fitness programs or exercise classes in any facility within 5 miles of any Jazzercise facility for 1 year.
s. Modification of the agreement	Paragraph 17I	No modification without a writing signed by you and Jazzercise, except that Jazzercise may change its policies described on the Franchise Zone.

<u>Provision</u>	<u>Section in Franchise or Other Agreement</u>	<u>Summary</u>
t. Integration/merger clause	Paragraph 17I	Only the terms of the Franchise Agreement and Addendum are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim anything contained in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Paragraph 17J	Except for certain claims, all disputes must first be mediated and if mediation is unsuccessful, then arbitrated, subject to state law.
v. Choice of forum	Paragraph 15J	Except for certain claims, all disputes must be mediated or arbitrated in the city in which Jazzercise's headquarters is located at the time of mediation or arbitration, subject to state law.
w. Choice of law	Paragraph 15J	California law applies (except that local law applies to competition covenants), subject to state law.

ITEM 18

PUBLIC FIGURES

Jazzercise's Founder, CEO and sole shareholder is Judi Sheppard Missett. Ms. Missett has entered into an employment agreement with Jazzercise to lend her name and services for promotion and advertising. Compensation to Ms. Missett for the right to the use of her name is provided for by the salary she receives from Jazzercise.

You have the right to use Judi Sheppard Missett's name in accordance with Jazzercise's guidelines in promoting, advertising and conducting Jazzercise classes. No payment must be made to Ms. Missett.

In addition, Shanna Missett Nelson acts as Jazzercise's President. She is not an owner of Jazzercise but receives a salary.

~~As of the date this Disclosure Document was issued, Jazzercise is in negotiations with Cheryl Burke, a professional dancer on the television series "Dancing with the Stars," to endorse a Cheryl Burke fitness apparel line. She previously had a contract with Jazzercise to appear in commercials, radio and print advertisements that expired on December 31, 2012.~~

Jazzercise has no other on-going arrangements with any public figure, but may seek arrangements with public figures, in particular for special events.

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 businesses. 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 franchise, however, we may provide you with the actual records of that business. 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 Sally Baldrige, Jazzercise, Inc. 2460 Impala Drive, Carlsbad, California 92010-7226, (760) 476-1750, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

**Systemwide Outlet Information
For Years Ended June 30, 2011 to December 31, 2013**

Column 1 Outlet Type¹	Column 2 Year Ended	Column 3 Outlets at Start of the Year	Column 4 Outlets at End of the Year	Column 5 Net Change
Franchised	June 30, 2011	6,600	6,789	+189
	June 30, 2012	6,789	6,913	+124
	June 30, 2013	6,913	6,731	-182
	December. 31, 2013	6,731	6,499	-232
Company-Owned ²	June 30, 2011	0	0	0
	June 30, 2012	0	0	0
	June 30, 2013	0	0	0
	December. 31, 2013	0	0	0

Total Instructors	June 30, 2011	6,600	6,789	+189
	June 30, 2012	6,789	6,913	+124
	June 30, 2013	6,913	6,731	-182
	December 31, 2013	6,731	6,499	-232

Notes:

1. Jazzercise franchisees are instructors who conduct the Jazzercise dance fitness program (see Item 1) in various types of locations. They do not necessarily operate retail outlets.
2. Jazzercise operates facilities offering dance fitness classes in Carlsbad and Oceanside, California and in Abilene, Texas. All of the instructors at these facilities are franchisees.

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years Ended June 30, 2011 to December 31, 2013**

State	Year	Number of Transfers
TOTAL	June 30, 2011	
	June 30, 2012	0
	June 30, 2013	0
	December 31, 2013	0

**Status of Franchised Outlets
For Years Ended June 30, 2011 to December 31, 2013**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 New Outlets ¹	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons ²	Column 9 Outlets at End of Year ³
Alabama	June 30, 2011	36	5	0	0	0	7	34
	June 30, 2012	34	12	0	0	0	4	42
	June 30, 2013	42	7	0	0	0	7	42
	Dec. 31, 2013	42	1	0	0	0	7	36
Alaska	June 30, 2011	35	4	0	0	0	3	36
	June 30, 2012	36	1	0	0	0	6	31
	June 30, 2013	31	4	0	0	0	1	34
	Dec. 31, 2013	34	0	0	0	0	4	30
Arizona	June 30, 2011	162	25	2	0	0	30	155
	June 30, 2012	155	26	1	0	0	19	161
	June 30, 2013	161	9	0	0	0	24	146
	Dec. 31, 2013	146	7	0	0	0	8	145
Arkansas	June 30, 2011	50	1	0	0	0	6	45
	June 30, 2012	45	10	0	0	0	1	54
	June 30, 2013	54	3	0	0	0	5	52
	Dec. 31, 2013	52	3	0	0	0	3	52

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 New Outlets ¹	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons ²	Column 9 Outlets at End of Year ³
California ⁴	June 30, 2011	746	105	9	0	0	66	776
	June 30, 2012	776	87	7	0	0	67	789
	June 30, 2013	789	54	0	0	0	73	770
	Dec. 31, 2013	770	25	0	0	0	47	748
Colorado	June 30, 2011	187	36	2	0	0	22	199
	June 30, 2012	199	22	2	0	0	24	195
	June 30, 2013	195	25	0	0	0	28	192
	Dec. 31, 2013	192	6	0	0	0	8	190
Connecticut	June 30, 2011	91	5	3	0	0	12	81
	June 30, 2012	81	7	1	0	0	9	78
	June 30, 2013	78	7	0	0	0	5	80
	Dec. 31, 2013	80	1	0	0	0	2	79
Delaware	June 30, 2011	34	3	1	0	0	4	32
	June 30, 2012	32	0	0	0	0	4	28
	June 30, 2013	28	7	0	0	0	0	35
	Dec. 31, 2013	35	0	0	0	0	3	32
Florida	June 30, 2011	378	61	5	0	0	38	396
	June 30, 2012	396	63	4	0	0	35	420
	June 30, 2013	420	42	0	0	0	54	408
	Dec. 31, 2013	408	15	0	0	0	35	388
Georgia	June 30, 2011	177	29	3	0	0	25	178
	June 30, 2012	178	28	1	0	0	27	178
	June 30, 2013	178	18	0	0	0	18	178
	Dec. 31, 2013	178	12	0	0	0	10	180
Hawaii	June 30, 2011	23	0	0	0	0	7	16
	June 30, 2012	16	3	0	0	0	0	19
	June 30, 2013	19	4	0	0	0	0	23
	Dec. 31, 2013	23	1	0	0	0	1	23
Idaho	June 30, 2011	20	4	0	0	0	3	21
	June 30, 2012	21	3	0	0	0	3	21
	June 30, 2013	21	1	0	0	0	2	20
	Dec. 31, 2013	20	1	0	0	0	2	19
Illinois	June 30, 2011	282	47	3	0	0	34	292
	June 30, 2012	292	37	0	0	0	31	298
	June 30, 2013	298	22	0	0	0	41	279
	Dec. 31, 2013	279	5	0	0	0	13	271
Indiana	June 30, 2011	175	22	3	0	0	16	178
	June 30, 2012	178	17	2	0	0	32	161
	June 30, 2013	161	1	0	0	0	28	134
	Dec. 31, 2013	134	3	0	0	0	16	121
Iowa	June 30, 2011	66	17	0	0	0	3	80
	June 30, 2012	80	1	0	0	0	9	72
	June 30, 2013	72	11	0	0	0	11	72
	Dec. 31, 2013	72	1	0	0	0	8	65
Kansas	June 30, 2011	132	30	2	0	0	14	146
	June 30, 2012	146	27	2	0	0	21	150
	June 30, 2013	150	28	0	0	0	22	156
	Dec. 31, 2013	156	13	0	0	0	9	160
Kentucky	June 30, 2011	123	12	4	0	0	16	115
	June 30, 2012	115	17	3	0	0	14	115
	June 30, 2013	115	4	0	0	0	13	106
	Dec. 31, 2013	106	5	0	0	0	3	108

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 New Outlets ¹	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons ²	Column 9 Outlets at End of Year ³
Louisiana	June 30, 2011	127	15	1	0	0	11	130
	June 30, 2012	130	19	0	0	0	23	126
	June 30, 2013	126	11	0	0	0	16	121
	Dec. 31, 2013	121	9	0	0	0	13	117
Maine	June 30, 2011	18	0	0	0	0	5	13
	June 30, 2012	13	2	1	0	0	0	14
	June 30, 2013	14	0	0	0	0	1	13
	Dec. 31, 2013	13	0	0	0	0	6	7
Maryland	June 30, 2011	148	38	2	0	0	17	167
	June 30, 2012	167	3	0	0	0	17	153
	June 30, 2013	153	14	0	0	0	17	150
	Dec. 31, 2013	150	8	0	0	0	12	146
Massachusetts	June 30, 2011	92	23	1	0	0	7	107
	June 30, 2012	107	2	1	0	0	11	97
	June 30, 2013	97	2	0	0	0	10	89
	Dec. 31, 2013	89	0	0	0	0	9	80
Michigan	June 30, 2011	194	23	1	0	0	23	193
	June 30, 2012	193	39	1	0	0	18	213
	June 30, 2013	213	23	0	0	0	20	216
	Dec. 31, 2013	216	16	0	0	0	20	212
Minnesota	June 30, 2011	66	27	0	0	0	7	86
	June 30, 2012	86	16	0	0	0	7	95
	June 30, 2013	95	3	0	0	0	11	87
	Dec. 31, 2013	87	0	0	0	0	7	80
Mississippi	June 30, 2011	6	2	1	0	0	3	4
	June 30, 2012	4	4	0	0	0	1	7
	June 30, 2013	7	0	0	0	0	1	6
	Dec. 31, 2013	6	0	0	0	0	1	5
Missouri	June 30, 2011	123	34	2	0	0	17	138
	June 30, 2012	138	31	1	0	0	17	151
	June 30, 2013	151	18	0	0	0	13	156
	Dec. 31, 2013	156	5	0	0	0	7	154
Montana	June 30, 2011	11	3	0	0	0	3	11
	June 30, 2012	11	8	1	0	0	1	17
	June 30, 2013	17	1	0	0	0	1	17
	Dec. 31, 2013	17	0	0	0	0	1	16
Nebraska	June 30, 2011	181	21	0	0	0	24	178
	June 30, 2012	178	40	1	0	0	25	192
	June 30, 2013	192	21	0	0	0	18	195
	Dec. 31, 2013	195	9	0	0	0	9	195
Nevada	June 30, 2011	56	2	0	0	0	8	50
	June 30, 2012	50	10	0	0	0	6	54
	June 30, 2013	54	0	0	0	0	3	51
	Dec. 31, 2013	51	3	0	0	0	6	48
New Hampshire	June 30, 2011	57	11	0	0	0	6	62
	June 30, 2012	62	0	0	0	0	7	55
	June 30, 2013	55	6	0	0	0	3	58
	Dec. 31, 2013	58	0	0	0	0	3	55

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 New Outlets ¹	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons ²	Column 9 Outlets at End of Year ³
New Jersey	June 30, 2011	194	15	1	0	0	13	195
	June 30, 2012	195	24	0	0	0	23	196
	June 30, 2013	196	8	0	0	0	19	185
	Dec. 31, 2013	185	8	0	0	0	11	182
New Mexico	June 30, 2011	109	18	0	0	0	17	110
	June 30, 2012	110	18	0	0	0	8	120
	June 30, 2013	120	5	0	0	0	12	113
	Dec. 31, 2013	113	5	0	0	0	13	105
New York	June 30, 2011	169	27	0	0	0	18	178
	June 30, 2012	170	15	5	0	0	13	175
	June 30, 2013	175	10	0	0	0	17	168
	Dec. 31, 2013	168	7	0	0	0	11	164
North Carolina	June 30, 2011	145	25	0	0	0	25	145
	June 30, 2012	145	30	0	0	0	16	159
	June 30, 2013	159	12	0	0	0	12	159
	Dec. 31, 2013	159	8	0	0	0	9	158
North Dakota	June 30, 2011	5	0	0	0	0	2	3
	June 30, 2012	3	1	0	0	0	0	4
	June 30, 2013	4	0	0	0	0	4	0
	Dec. 31, 2013	0	0	0	0	0	0	0
Ohio	June 30, 2011	374	53	1	0	0	40	386
	June 30, 2012	386	41	2	0	0	51	374
	June 30, 2013	374	41	0	0	0	37	378
	Dec. 31, 2013	378	14	0	0	0	25	367
Oklahoma	June 30, 2011	90	12	2	0	0	12	88
	June 30, 2012	88	12	0	0	0	6	94
	June 30, 2013	94	2	0	0	0	10	86
	Dec. 31, 2013	86	4	0	0	0	9	81
Oregon	June 30, 2011	105	17	1	0	0	14	107
	June 30, 2012	107	20	1	0	0	12	114
	June 30, 2013	114	10	0	0	0	9	115
	Dec. 31, 2013	115	4	0	0	0	6	113
Pennsylvania	June 30, 2011	134	19	1	0	0	20	132
	June 30, 2012	132	11	0	0	0	16	127
	June 30, 2013	127	9	0	0	0	14	122
	Dec. 31, 2013	122	5	0	0	0	13	114
Rhode Island	June 30, 2011	27	4	0	0	0	6	25
	June 30, 2012	25	2	0	0	0	1	26
	June 30, 2013	26	1	0	0	0	3	24
	Dec. 31, 2013	24	0	0	0	0	2	22
South Carolina	June 30, 2011	75	9	0	0	0	7	77
	June 30, 2012	77	13	1	0	0	4	85
	June 30, 2013	85	1	0	0	0	11	75
	Dec. 31, 2013	75	1	0	0	0	5	71
South Dakota	June 30, 2011	4	1	0	0	0	2	3
	June 30, 2012	3	2	1	0	0	2	2
	June 30, 2013	2	1	0	0	0	1	2
	Dec. 31, 2013	2	0	0	0	0	2	0

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 New Outlets ¹	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons ²	Column 9 Outlets at End of Year ³
Tennessee	June 30, 2011	117	25	2	0	0	13	127
	June 30, 2012	127	10	1	0	0	24	112
	June 30, 2013	112	5	0	0	0	21	96
	Dec. 31, 2013	96	5	0	0	0	11	90
Texas ⁴	June 30, 2011	472	88	2	0	0	63	495
	June 30, 2012	495	93	2	0	0	73	513
	June 30, 2013	513	75	0	0	0	69	519
	Dec. 31, 2013	519	21	0	0	0	48	492
Utah	June 30, 2011	38	5	1	0	0	4	38
	June 30, 2012	38	3	0	0	0	2	39
	June 30, 2013	39	7	0	0	0	4	42
	Dec. 31, 2013	42	3	0	0	0	3	42
Vermont	June 30, 2011	48	5	0	0	0	4	49
	June 30, 2012	49	12	0	0	0	5	56
	June 30, 2013	56	10	0	0	0	4	62
	Dec. 31, 2013	62	0	0	0	0	6	56
Virginia	June 30, 2011	271	39	0	0	0	24	286
	June 30, 2012	286	33	0	0	0	23	296
	June 30, 2013	296	16	0	0	0	23	289
	Dec. 31, 2013	289	10	0	0	0	17	282
Washington	June 30, 2011	206	15	0	0	0	22	199
	June 30, 2012	199	31	1	0	0	22	207
	June 30, 2013	207	13	0	0	0	24	196
	Dec. 31, 2013	196	11	0	0	0	12	195
Washington, D.C.	June 30, 2011	17	1	0	0	0	1	17
	June 30, 2012	17	0	0	0	0	1	16
	June 30, 2013	16	3	0	0	0	2	17
	Dec. 31, 2013	17	0	0	0	0	1	16
West Virginia	June 30, 2011	23	3	0	0	0	0	26
	June 30, 2012	26	0	1	0	0	4	21
	June 30, 2013	21	2	0	0	0	5	18
	Dec. 31, 2013	18	2	0	0	0	4	16
Wisconsin	June 30, 2011	180	31	1	0	0	28	182
	June 30, 2012	182	31	1	0	0	26	186
	June 30, 2013	186	1	0	0	0	11	176
	Dec. 31, 2013	176	4	0	0	0	12	168
Wyoming	June 30, 2011	1	1	0	0	0	0	2
	June 30, 2012	2	3	0	0	0	0	5
	June 30, 2013	5	0	0	0	0	2	3
	Dec. 31, 2013	3	0	0	0	0	0	3
TOTALS	June 30, 2011	6,600	1,018	57	0	0	772	6,789
	June 30, 2012	6,789	940	45	0	0	771	6,913
	June 30, 2013	6,913	578	0	0	0	760	6,731
	Dec. 31, 2013	6,731	261	0	0	0	493	6,499

Notes:

1. Column 4 New Outlets does not include franchisees who resign but are reinstated within one year or franchisees who moved into state from another state.
2. Column 8 Ceased Operations – Other Reasons does not include franchisees who moved to another state. It does include franchisees who resigned.

3. Some franchisees own a franchise in more than one state. If this applies, the franchisee is listed in the state in which he or she has the most revenue. Associate instructors are included in the state in which they reside.
4. Jazzercise operates facilities in Carlsbad and La Costa, California and in Abilene, Texas that offer dance fitness classes. The instructors at these facilities are franchisees.

Status of Company-Owned Outlets*
For Years Ended June 30, 2011 to December 31, 2013

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 New Outlets	Column 5 Outlets Reacquired from Franchisee	Column 6 Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of Year
Total	June 30, 2011	0	0	0	0	0	0
	June 30, 2012	0	0	0	0	0	0
	June 30, 2013	0	0	0	0	0	0
	Dec. 31, 2013	0	0	0	0	0	0

* Some franchisees may also be employees of Jazzercise for purposes other than conducting their franchise businesses.

PROJECTED OPENINGS
AS OF DECEMBER 31, 2013

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened*	Column 3 Projected New Franchised Outlets In The Next Year	Column 4 Projected New Company-Owned Outlets In Next Fiscal Year
Alabama	0	6	0
Alaska	1	5	0
Arizona	2	23	0
Arkansas	0	8	0
California	28	117	0
Colorado	6	29	0
Connecticut	1	12	0
Delaware	1	5	0
Florida	14	61	0
Georgia	13	28	0
Hawaii	0	3	0
Idaho	2	3	0
Illinois	7	40	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened*	Column 3 Projected New Franchised Outlets In The Next Year	Column 4 Projected New Company- Owned Outlets In Next Fiscal Year
Indiana	1	20	0
Iowa	4	11	0
Kansas	3	24	0
Kentucky	4	17	0
Louisiana	1	18	0
Maine	0	1	0
Maryland	6	25	0
Massachusetts	3	12	0
Michigan	4	32	0
Minnesota	0	13	0
Mississippi	0	1	0
Missouri	7	23	0
Montana	0	2	0
Nebraska	3	30	0
Nevada	0	8	0
New Hampshire	0	9	0
New Jersey	4	26	0
New Mexico	2	16	0
New York	2	25	0
North Carolina	3	24	0
North Dakota	0	0	0
Ohio	10	56	0
Oklahoma	0	12	0
Oregon	1	17	0
Pennsylvania	7	18	0
Rhode Island	0	3	0
South Carolina	1	12	0
South Dakota	0	0	0
Tennessee	1	14	0
Texas	17	77	0
Utah	0	6	0
Vermont	0	8	0

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened*	Column 3 Projected New Franchised Outlets In The Next Year	Column 4 Projected New Company-Owned Outlets In Next Fiscal Year
Virginia	7	45	0
Washington	2	30	0
Washington, D.C.	0	2	0
West Virginia	1	1	0
Wisconsin	2	27	0
Wyoming	0	0	0
Totals*	171	1,005	0

*As of January 1, 2014. This column consists of franchisees who had signed Franchise Agreements, but who had not yet successfully completed the Jazzercise instructor training and become certified as Jazzercise instructors.

Attached to this Disclosure Document as part of Exhibit F is a current list of the names, addresses and telephone numbers of all existing franchisees in this state. If there are fewer than 100 franchisees in this state, Exhibit F includes the 100 franchisees who are closest to this state.

Also included in Exhibit F is a list of the name, city and state and current business telephone number (or, if unknown, last known home telephone number) of every franchisee who has had his or her franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement (including due to transfers) during the 12 months ended ~~June 30~~ December 31, 2013 or who has not communicated with Jazzercise or its representative within the 10 week period before the issuance date of this Franchise Disclosure Document (or the date of application for franchise registration in states that require it). This last category does not necessarily include associate instructors or inactive instructors because they often have no reason to communicate with Jazzercise or its representatives for extended periods of time. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

There is no trademark-specific franchisee organization that has been created, sponsored or endorsed by Jazzercise or that has requested that Jazzercise include it in the Franchise Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit C to this Disclosure Document are the audited balance sheets of Jazzercise as of December 31, 2013 for the 6 month period between July 1, 2013 and December 31, 2013 and as of June 30, 2013 and June 30, 2012, and the related statements of operations and retained earnings and cash flows for the 6 month period between July 1, 2013 and December 31, 2013 each of the years in the three-year period ended June 30, 2013.

ITEM 22

CONTRACTS

Attached are copies of the following agreements proposed for use in this state:

- Exhibit D - Franchise Agreement – Class Owners
- Franchise Agreement – Associates
- Franchise Agreement – Business Owners
- Exhibit G - Addendum for Lite Jazzercise
- Addendum for Junior Jazzercise
- Addendum for Low Impact Jazzercise
- Exhibit H - End User License Agreement
- Exhibit I - Instructor EFT Agreement
- Exhibit J - General Release

ITEM 23

RECEIPT

Copies of the Receipt are attached to the end of this Disclosure Document, following the Exhibits. Please sign the Receipt, date it the date you receive the Franchise Disclosure Document and return it to Jazzercise. Make sure that you indicate the franchise seller(s) with whom you had substantive discussions about this franchise. A duplicate of the Receipt is attached for your records.