



March 28, 2022

**VIA ONLINE SUBMISSION**

Department of Financial Institutions  
Securities Division  
4822 Madison Yards Way  
North Tower  
Madison, WI 53705

**Susan Grueneberg**

Direct Phone 213-892-7996  
Direct Fax 213-784-9071  
sgrueneberg@cozen.com

**Re: Jazercise, Inc.  
Your File No. 618881  
Annual Application for Franchise Registration**

To Whom it May Concern:

Enclosed for your review please find the annual application for franchise registration, which we are filing on behalf of Jazercise, Inc. (the "Company").

1. The application includes the following:
2. Facing page;
3. Certification page;
4. Franchisor's Costs and Source of Funds;
5. Uniform Consent to Service of Process;
6. Auditor's Consent; and
7. One copy of the Franchise Disclosure Documents and Exhibits.

If you have any questions or comments, please do not hesitate to call.

Very truly yours,

COZEN O'CONNOR

A handwritten signature in black ink that reads "Susan Grueneberg".

By: Susan Grueneberg

SG:jr

Enclosures

cc: Ms. Sally Baldridge  
Ms. Sarah Fritz

57203801\1

## UNIFORM FRANCHISE REGISTRATION APPLICATION

File No. 615790  
Fee: **\$400.00**

**State: Wisconsin**

**APPLICATION FOR:**

- INITIAL REGISTRATION OF AN OFFER AND SALE OF FRANCHISES  
 RENEWAL APPLICATION OR ANNUAL REPORT  
 PRE-EFFECTIVE AMENDMENT  
 POST-EFFECTIVE MATERIAL AMENDMENT

1. Full legal name of Franchisor:

**Jazzercise, Inc.**

2. Name of the franchise offering:

**Jazzercise**

3. Franchisor's principal business address:

**2460 Impala Drive  
Carlsbad, CA 92010**

4. Name and address of Franchisor's agent in this State authorized to receive service of process:

**Administrator, Division of Securities  
Department of Financial Institutions  
201 West Washington Avenue, Suite 300  
Madison, WI 53703**

5. The states in which this application is or will be shortly on file:

**California (exemption), Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York (exemption), North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin**

6. Name, address, telephone and facsimile numbers, and e-mail address of person to whom communications regarding this application should be directed:

**Susan Grueneberg, Esq.  
Cozen O'Connor  
601 S. Figueroa Street, Suite 3700  
Los Angeles, California 90017  
Tel: (213) 892-7996  
Fax: (213) 784-9071  
sgrueneberg@cozen.com**

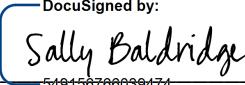
## Certification

I certify and swear under penalty of law that I have read and know the contents of this application including the Franchise Disclosure Document with an issuance date of March 1, 2022, attached as an exhibit, and that all material facts stated in all those documents are accurate and those documents do not contain any material omissions. I further certify that I am duly authorized to make this certification on behalf of the Franchisor and that I do so upon my personal knowledge.

Signed at Carlsbad, California, 03/25/22 | 12:26 PM EDT, 2022

Franchisor:

**Jazzercise, Inc.**

By:   
\_\_\_\_\_  
Name: Sally Baldridge  
Title: Chief Operating Officer

## **FRANCHISOR'S COSTS AND SOURCE OF FUNDS**

1. Disclose the Franchisor's total costs for performing its pre-opening obligations to provide goods or services in connection with establishing each franchised business, including real estate, improvements, equipment, inventory, training and other items stated in the offering:

<u>Category:</u>	<u>Cost per Year</u>
Real Estate	None
Improvements	None
Equipment	None
Inventory	\$ 12.00
Training Expenses	\$ 195.00
Other (describe)	
Postage/Freight/Packaging	\$ 12.00
Total:	\$ 219.00

2. State separately the sources of all required funds:

Franchisor's source of funds to meet the above expenditures is from current working capital.

## UNIFORM FRANCHISE CONSENT TO SERVICE OF PROCESS

Jazzercise, Inc., a corporation, organized under the laws of the State of California (the "Franchisor"), irrevocably appoints the officers of the States designated below and their successors in those offices, its attorney in those States for service of notice, process or pleading in an action or proceeding against it arising out of or in connection with the sale of franchises, or a violation of the franchise laws of that State, and consents that an action or proceeding against it may be commenced in a court of competent jurisdiction and proper venue within that State by service of process upon this officer with the same effect as if the undersigned was organized or created under the laws of that State and had lawfully been served with process in that State. We have checked below each State in which this application is or will be shortly on file, and provided a duplicate original bearing an original signature to each State.

- |                                     |   |                                     |  |
|-------------------------------------|---|-------------------------------------|--|
| <input checked="" type="checkbox"/> | California: Commissioner of<br>Financial Protection and<br>Innovation | <input checked="" type="checkbox"/> | North Dakota: Securities<br>Commissioner   |
| <input checked="" type="checkbox"/> | Hawaii: Commissioner of<br>Securities                                 | <input checked="" type="checkbox"/> | Rhode Island: Director, Department<br>of Business Regulation                                 |
| <input checked="" type="checkbox"/> | Illinois: Attorney General  | <input checked="" type="checkbox"/> | South Dakota: Director of the<br>Division of Securities                                      |
| <input checked="" type="checkbox"/> | Indiana: Secretary of State   | <input checked="" type="checkbox"/> | Virginia: Clerk, Virginia State<br>Corporation Commission                                    |
| <input checked="" type="checkbox"/> | Maryland: Securities<br>Commissioner                                  | <input checked="" type="checkbox"/> | Washington: Director of Financial<br>Institutions  |
| <input checked="" type="checkbox"/> | Minnesota: Commissioner of<br>Commerce                                | <input checked="" type="checkbox"/> | Wisconsin: Administrator, Division<br>of Securities, Department of<br>Financial Institutions |
| <input checked="" type="checkbox"/> | New York: Secretary of State  |                                     |  |

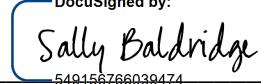
Please mail or send a copy of any notice, process or pleading served under this consent to:

Sally Baldridge  
 2460 Impala Drive  
 Carlsbad, CA 92010

Dated: 03/24/22 | 5:34 PM EDT, 2021

Franchisor: Jazzercise, Inc.

By:  
 Name:  
 Title:

DocuSigned by:  
  
 549156766039474  
 Sally Baldridge  
 Chief Operating Officer



RSM US LLP

**Consent**

RSM US LLP consents to the use in the Franchise Disclosure Document issued by Jazzercise, Inc. (the Franchisor) on March 1, 2022, as it may be amended, of our report dated February 28, 2022, relating to the financial statements of the Franchisor for the years ended December 31, 2021, 2020 and 2019.

*RSM US LLP*

March 23, 2022

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

## FRANCHISE DISCLOSURE DOCUMENT

Jazzercise, Inc.  
a California corporation  
2460 Impala Drive  
Carlsbad, California 92010-7226  
Telephone: (760) 476-1750  
Website: [www.Jazzercise.com](http://www.Jazzercise.com)  
Email: [customercare@jazzercise.com](mailto: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 is approximately \$2,445 to \$3,225 if you are an associate franchisee and ranges from \$3,780 to \$21,775 if you are a class owner or business owner franchisee. These amounts include \$1,250 that must be paid to the franchisor or its affiliate.

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

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](http://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 1, 2022.

## How to Use This Franchise Disclosure Document

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

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

## **What You Need To Know About Franchising Generally**

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

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

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

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

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

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

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

### **Some States Require Registration**

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

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

## **Special Risks to Consider About *This Franchise***

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

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

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

**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 five 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 six 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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### Exhibits

- A. List of State Franchise Administrators
- B. List of Agents for Service of Process
- C. Financial Statements
- D. Franchise Agreement – Class Owner and State-Specific Addenda
- E. Franchise Agreement – Associate and State-Specific Addenda
- F. Franchise Agreement – Business Owner and State-Specific Addenda
- G. The Studio Navigation
- H. Information on Franchisees
- I. Addendum to Franchise Agreement (Junior Jazercise)  
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- J. General Release
- K. State-Specific Addenda to Disclosure Document
- L. Jazercise New Franchisee Training Participation Agreement
- M. SBA Addendum

State Effective Dates Page

### 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 L OR THE STATE SPECIFIC ADDENDA TO FRANCHISE AGREEMENTS IN EXHIBITS D, E AND F 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 from videos streamed on the Jazzercise Routines Database. 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" that distributes products such as clothing, accessories, equipment and visual recordings bearing the "Jazzercise" name and any other names we develop. Jazzercise also offers customers an online exercise program called Jazzercise On Demand.

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. Some instructors are licensed to conduct a dance fitness program consisting solely of less strenuous or low impact formats and children's programs. These instructors sign the LO Jazzercise Addendum in addition to the Franchise Agreement. Some instructors are licensed to conduct a dance fitness program solely limited to children's programs. These instructors sign the Junior Jazzercise Addendum in addition to the Franchise Agreement. There are also business owner franchisees who offer Jazzercise dance fitness classes but do not teach the classes themselves. These franchisees sign the Business Owner Franchise Agreement and retain certified Jazzercise instructors to teach their classes.

An essential part of the Jazzercise dance fitness program is its online 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.

There were periods of time in 2020 and 2021 during which dance fitness facilities had to remain closed in some parts of the country or had their operations restricted by state or local law as a result of the health crisis caused by the COVID-19 pandemic. While the health crisis continues, you may not be able to conduct in-person dance fitness classes or your way you conduct classes may be changed.

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, SESAC and GMR). 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. You must also comply with all data protection and privacy laws. In particular, you may not copy, transfer or use data on current or past customers such as their names, addresses, phone numbers or email addresses, or provide that information to third parties.

Your competitors include other dance fitness classes, boutique fitness studios and fitness clubs.

Jazzercise has offered franchises to conduct the Jazzercise dance fitness program since July 1982. Jazzercise has offered the Junior Jazzercise Addendum since 2000. Jazzercise began offering a Business Addendum in 2004 and currently offers a separate Franchise Agreement for business owners. It has offered the LO Jazzercise Addendum since 2017, which is a combination of two separate addenda that Jazzercise previously offered – a Lite Jazzercise Addendum beginning in 1996 and a Low Impact Addendum beginning in 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; 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, September 2001 to the present; President, May 2010 to the present.

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

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.

#### Executive Advisor: Kathryn A. Missett

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 September 2015; Executive Advisor, September 2015 to the present.

#### Vice President, Licensing 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 December 2017; Vice President Licensing and Corporate Events, January 2018 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, August 2011 to the present.

Chief Sales & Marketing Officer and Director: Kelly Jean Sweeney (until June 30, 2022)

Jazzercise Instructor, 1983 to the present; Sales Manager (formerly known as District Manager), 1987 to 2015; Vice President of U.S. Sales, 2004 to 2011; Chief Sales & Marketing Officer, 2012 to the present; Director, June 2013 to the present.

Senior Manager of Training: Sarah Fritz

Jazzercise Instructor, 1993 to the present; Jazzercise Trainer, 2004 to 2012; Programs Specialist, 2007 to 2013; Manager of Training, 2013 to 2017; Senior Manager of Training, 2017 to the present.

Vice President of Product Innovation & Development: Young McCarthy

Jazzercise Instructor, 1994 to the present; Sales Manager (formerly known as District Manager), 2007 to 2010; Franchise Quality Specialist, 2010 to 2013; Manager of Instructor Development, 2013 to 2015; Director of Training & Development, May 2015 to March 2021; Vice President of Product Innovation & Development (formerly known as Vice President of Training & Development), March 2021 to the present.

Controller: Seth Christian

Controller for Jazzercise, May 2013 to the present.

Director of Technology: Bobby Phimmasane

Director of Information Technology, Berkshire Hathaway Home Services California, 2011 to 2016; Director of Information Technology, Competitor Group, 2016 to 2018; Director of Technology, Jazzercise, 2018 to the present.

U.S. Satellite Sales Director: Dani Gresham

Jazzercise Franchisee, February 1980 to the present; Sales Manager (formerly known as District Manager), 1993 to September 2015; U.S. Satellite Sales Director, September 2015 to the present.

Center Specialist: Mary Wadsworth

Jazzercise Franchisee, July 1983 to the present; Sales Manager (formerly known as District Manager), November 2007 to September 2015; U.S. Center Sales Director, Texas and California, September 2015 to December 2021; Center Specialist, January 2022 to the present.

Vice President of Marketing: Allison Stabile

Copywriter, Marketing Director and Social Media Strategist, Self-Employed, May 2010 to May 2016; Director of Marketing, Jazercise, May 2016 to March 2021; Vice President of Marketing, March 2021 to the present.

International Sales Director: Susan Mix

Jazercise Instructor, 2008 to the present; Quality Coordinator, Jazercise, 2012 to 2013; Sales Manager (formerly known as District Manager), 2013 to 2017; International Sales Director, 2018 to the present.

**ITEM 3**

**LITIGATION**

State of New York v. Jazercise, Inc. (State of New York, Index No. 41418/87 in the Supreme Court). In April 1987, Jazercise 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 Jazercise file annual reports, provide current prospectuses to franchisees, comply with advertising requirements and offer rescission to any franchisees who became franchisees while Jazercise had an inactive registration. Jazercise has complied with the terms of the consent decree.

State of Wisconsin v. Jazercise, Inc. (Dane County Circuit Court, Wisconsin, Case Number 85CV4401). In August 1985, Jazercise entered into a stipulation for judgment in this matter. This stipulation followed a lawsuit brought by the State of Wisconsin, Department of Justice, against Jazercise 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, Jazercise 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, Jazercise is occasionally named as a defendant in actions filed by persons who allege claims against its franchisees.

Other than these two 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**

Except as described below, all franchisees, including franchisees in foreign countries, pay an initial franchise fee of \$1,250. 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 \$625.00. If you resign but are reinstated more than 12 months later, you pay a recertification fee of \$625.00. If you resign but are reinstated within 12 months, you pay a returning franchise fee of \$250.00. Business owner franchisees do not have the option of reinstatement.

You must pay at least 50% of the initial franchise fee or recertification fee by the Monday before initial training, and the remaining balance, if any, will be automatically debited 30 days after you complete initial training. However, you also have the option to pay the entire initial franchise fee or recertification fee by the Monday before initial training. If you are a franchisee who resigned but are reinstated within 12 months, you must pay the returning franchise fee in one lump sum when you sign the Franchise Agreement.

Jazzercise may periodically offer promotions on the initial franchisee fee. As of the date this Disclosure Document was issued, Jazzercise is offering a family scholarship program for new franchisees who are family members of existing long-time Jazzercise franchisees. The scholarship covers the cost of the initial franchise fee for a new franchisee. Existing franchisees who have been franchisees of Jazzercise for at least 10 years will receive one scholarship that they can give to a family member who becomes a new franchisee, existing franchisees for at least 20 years will receive two scholarships, and existing franchisees for at least 30 years will receive three scholarships. Jazzercise may discontinue this and any other discounts at any time.

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

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.

The initial franchise fee is not refundable except as described below. If you decide not to attend initial training, fail the audition, or fail to complete initial training to our satisfaction, we can terminate your Franchise Agreement, and we will refund your initial

franchise fee, less an amount that is \$250.00 as of the date this Disclosure Document was issued but that may increase in the future.

You may obtain required liability insurance coverage either through Jazzercise at a current annual charge that Jazzercise estimates will be between \$215.00 and \$300.00 (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). Class owner franchise minimum currently \$250.00 per month; business franchise minimum currently \$500.00 per month	Upon processing and upon filing of monthly report	See Note 1.
Associate Fee	Up to \$300.00; currently, \$120.00 per year if paid in one lump sum or \$12.00 per month if paid monthly	November 1 if paid in full, or monthly	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	\$625.00	Upon recertification	See Note 5.
Customer Reimbursement Fee	Payment of Jazzercise's costs	Upon demand	See Note 6.
Indemnification	Payment of Jazzercise's losses and costs	Upon demand	See Note 7.

Type of Fee	Amount	Due Date	Remarks
Late Fee	\$50.00, but \$10.00 for certain fees that are paid monthly	When payment or report is overdue	See Note 8.
Attorney's Fees	Reasonable attorney's fees and costs	Upon determination of prevailing party	See Note 9.
Advertising Contribution	To be determined	Upon demand	See Note 10.
Insurance Payment	\$215.00 to \$300.00	November 1 if paid in full, or monthly	See Note 11.

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%. If you are a newly certified class owner instructor on active status, then you begin paying the minimum continuing fee of \$250.00 per month the 12th calendar month after you complete the training. Some franchisees who became class owner instructors on active status before and as of March 31, 2015 pay a minimum continuing fee of \$150.00 per month. Jazzercise may raise this minimum continuing fee up to \$500.00 during the term of your Franchise Agreement. If you are a newly certified business owner on active status, then you begin paying the minimum continuing fee of \$500.00 per month the 12th calendar month after you complete the training. Jazzercise may raise this minimum monthly fee to up to \$1,000 per month during the term of your Franchise Agreement. Jazzercise may periodically institute waiver or rebate programs which are subject to change at any time. If you receive payments from your customers through the Jazzercise Business Center, this fee will automatically be paid to Jazzercise upon processing of the customer's payment. For any customers who do not pay you through the Jazzercise Business Center, you must pay this fee when you file your monthly report and manually enter any customer payments you received.

2. The fee is payable in one lump sum on November 1 of each year in the amount of \$120.00 prospectively for the subsequent 12 months or in monthly payments in the amount of \$12.00 per month for a total of \$144.00. 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. Jazercise may raise this fee during the term of your Franchise Agreement up to a maximum of \$300.00.
3. Jazercise has entered into agreements for the use of music with performing licensing organizations to collect royalties which Jazercise then remits to the organizations. Your cost is based upon the number of your customers per week and generally increases annually. As of the date this Disclosure Document was issued, the ASCAP fees were \$64.00 administrative fee for up to 75 customers and \$120.00 for 76 customers or more. The BMI fees were \$61.00 for up to 75 customers and \$118.00 for 76 customers or more. The SESAC fees were \$27.00 for up to 75 customers and \$46.00 for 76 customers or more. The GMR fees were \$29.00 for up to 75 customers and \$57.00 for 76 customers or more. You must also pay a \$1.00 administrative fee. As of the date this Disclosure Document was issued, you do not have to pay music royalty fees for local streaming, but you may have to do so in the future. Associate instructors do not pay these fees.
4. If you resign but request Jazercise to reinstate you as an instructor within 12 months and Jazercise agrees, then, upon your reinstatement, you must pay this fee. You must also sign a new Franchise Agreement unless you request reinstatement within 30 days of resigning. Business owner franchisees do not have the option of reinstatement.
5. If you resign and request that Jazercise allow you to become an instructor again more than 12 months after your resignation and Jazercise agrees, you must pay this fee. You must also successfully complete initial training and sign a new Franchise Agreement. You must pay the recertification fee when you sign the new Franchise Agreement. Business owner franchisees do not have the option of reinstatement.
6. You must reimburse your customers for fees they have paid for classes that are not given. If you do not do so, Jazercise may do so, and you must reimburse Jazercise.
7. You must defend Jazercise and pay for any claims and losses to Jazercise and its representatives resulting from the operation of your business, including your rent and performance royalties.
8. 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, except that the late fee is \$10.00 for late payments of the associate fee and insurance

fee if you pay those on a monthly basis. 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.

9. 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.
10. 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. Jazzercise may require you to contribute to an advertising fund administered by a third party on the third party's platform. Jazzercise 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.
11. You may obtain insurance through Jazzercise or through an insurance company. If you choose to obtain liability coverage through Jazzercise, you may pay the premiums annually or monthly, and they may increase. If you choose to pay the premiums in monthly installments, your total insurance cost may be 15-25% higher than if you pay the premiums in one lump sum annually.

## **ITEM 7**

### **ESTIMATED INITIAL INVESTMENT ASSOCIATE FRANCHISEES**

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
INITIAL FRANCHISE FEE (Note 1)	\$1,250	Lump Sum or Installments	At least 50% on Monday before initial training; remaining balance, if any, 30 days after completing initial training	Jazzercise

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
ASSOCIATE FEE (Note 2)	\$0 to \$120	Lump Sum or Installments	(Note 2)	Jazzercise
INSURANCE (Note 3)	\$215 to \$300	Lump Sum	(Note 3)	Jazzercise or insurance company
EQUIPMENT (Note 4)	\$550 to \$700	As incurred	As incurred	Suppliers
MUSIC (Note 5)	\$30 to \$55	As incurred	As incurred	Digital music stores or music stores
MISCELLANEOUS OPENING COSTS (Note 6)	\$400 to \$650	As incurred or lump sum	During training and as incurred	Airlines, hotels and restaurants; suppliers and vendors
ADDITIONAL FUNDS – 3 Months (Note 7)	\$0 to \$150	Lump Sum or Installments	As incurred	Jazzercise, insurance company, digital music stores or music stores
TOTAL (Note 8)	\$2,445 to \$3,225			

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 \$1,250 for all franchisees. However, if you resign but are reinstated more than 12 months later, you pay a recertification fee of \$625.00. If you resign but are reinstated within 12 months, you pay a returning franchise fee of \$250.00. 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 \$625.00. You must pay at least 50% of this fee by the Monday before your initial training and the remaining balance, if any, 30 days after you complete initial training. You also have the option to pay this fee in one lump sum by the Monday before your initial training. See Item 5 for details on eligibility for reduced initial fees and for the conditions under which the initial franchise fee is refundable.

2. This figure is the associate fee you would have to pay before you begin conducting classes as of the date this Disclosure Document was issued depending on when you become a franchisee. The associate fee is \$120.00 prospectively for the subsequent 12 months if you pay in one lump sum on November 1 of each year or \$12.00 per month for a total of \$144.00 if you pay in monthly payments. If you become a franchisee part way through the year, we may not charge you until the November 1st after you have completed initial training. This fee is not refundable if you change status or under any other circumstances.
3. This figure is 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 \$215.00 to \$300.00 (but may be higher), or through an insurance company. If you become a franchisee part way through the year, you may pay a pro-rated portion of the annual premium. 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.
4. You are currently required to purchase audio player(s) and a wireless microphone before beginning to conduct classes. As of the date this Disclosure Document was issued, Jazzercise provides the new routines through a video streaming platform. Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routines 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. The refundability of the amounts you pay to purchase these items depends on the agreement between you and the supplier.
5. You must purchase audio recordings of each song used with each new routine. This amount reflects our estimates of the amount you may need to spend on audio recordings before opening. You should anticipate purchasing audio recordings monthly at a current annual cost of approximately \$200.00 to \$300.00. The refundability of these payments depends upon the agreement between you and your supplier. See Item 8 for details.
6. This amount includes the costs of purchasing a variety of exercise apparel that you must wear and your travel and living expenses while attending initial training.
7. If you have not already paid for the audio recordings, the associate fee, and the insurance premium payments before opening, you will have these additional costs. If you paid these costs before opening, you will not have these additional costs after opening, so these costs are not included in the high end of the range. Associates typically do not have additional expenses during the initial period of operations. Jazzercise bases its estimate of these expenses on its experience and the experience of its franchisees. This is not a breakeven analysis.

8. 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.

### **CLASS OWNER OR BUSINESS FRANCHISEES**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
INITIAL FRANCHISE FEE (Note 1)	\$1,250	Lump Sum or Installments	At least 50% on Monday before initial training; remaining balance, if any, 30 days after completing initial training	Jazzercise
INSURANCE (Note 2)	\$215 to \$300	Lump Sum	(Note 2)	Jazzercise or insurance company
EQUIPMENT (Note 3)	\$1,775 to \$5,000	As incurred	As incurred	Suppliers
MUSIC (Note 4)	\$30 to \$55	As incurred	As incurred	Digital music stores or music stores
MARKETING AND ADVERTISING (Note 5)	\$0 to \$5,000	As incurred	As incurred	Jazzercise and advertisers
SECURITY DEPOSITS (Note 6)	\$0 to \$2,500	As incurred	As incurred	Landlord
MISCELLANEOUS OPENING COSTS (Note 7)	\$400 to \$670	Installments or as incurred	During training and as incurred	Airlines, hotels and restaurants; suppliers and vendors

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
ADDITIONAL FUNDS - 3 Months (Note 8)	\$110 to \$7,000	As incurred	As incurred	Jazzercise, insurance company, digital music stores or music stores, associates, suppliers and vendors
TOTAL (Note 9)	\$3,780 to \$21,775			

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 \$1,250 for all franchisees. However, if you resign but are reinstated more than 12 months later, you pay a recertification fee of \$625.00. If you resign but are reinstated within 12 months, you pay a returning franchise fee of \$250.00. 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 \$625.00. You must pay at least 50% of this fee by the Monday before your initial training and the remaining balance, if any, 30 days after you complete initial training. You also have the option to pay this fee in one lump sum by the Monday before your initial training. See Item 5 for details on eligibility for reduced initial fees and for the conditions under which the initial franchise fee is refundable.
2. 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 \$185.00 to \$275.00 (but may be higher), or through an insurance company. If you become a franchisee part way through the year, you may pay a pro-rated portion of the annual premium. 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.
3. You are currently required to purchase audio player(s) and a wireless microphone before beginning to conduct classes, and possibly other fitness equipment such as tubes, mats, and weights. Renting a facility requires extra

equipment like stage lights, speakers, a mixer and a power amplifier. Currently, Jazzercise provides the new routines through a video streaming platform. Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routines 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 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. The refundability of the amounts you pay to purchase these items depends on the agreement between you and the supplier.

4. You must purchase audio recordings of each song used with each new routine. This amount reflects our estimates of the amount you may need to spend on audio recordings before opening. You should anticipate purchasing audio recordings monthly at a current annual cost of approximately \$200.00 to \$300.00. The refundability of these payments depends upon the agreement between you and your supplier. See Item 8 for details.
5. You are 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 – Marketing and Advertising. In general, payment for these items is not refundable.
6. This amount includes costs of lease deposits. 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. Typical locations are strip shopping malls and light industrial areas. There may also be additional costs for utility deposits and office furniture and equipment, as well as expenses related to remodeling, leasehold improvements, decorating and similar costs. 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.
7. This amount includes the cost of purchasing a variety of exercise apparel that you must wear and your travel and living expenses while attending initial training.
8. This amount includes costs for audio recordings and the insurance premium payments if you did not pay them before opening. If you are a class owner, you may teach all of your classes yourself or hire associates to teach your classes. If you are a business owner, you must hire associates to teach your classes. The high amount in this range also includes the cost of hiring cleaners to clean your facility or offering childcare at your facility during class hours. You may have additional expenses during the initial period of operations. Jazzercise bases its estimate of these expenses on its experience and the experience of its franchisees. This is not a breakeven analysis.

9. 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.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

New routines are available only from Jazzercise. Jazzercise does not currently charge you for new routines but may do so in the future. Jazzercise currently sends new routines through video streaming. However, Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits new routines 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.

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 monthly at a current annual cost of approximately \$200.00 to \$300.00. 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 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 also offers online fitness classes through Jazzercise On Demand. You must offer customers access to these classes in conjunction with your in-person classes. As of the date this Disclosure Document was issued, customers you recruit receive a discount for Jazzercise On Demand and you may share in the revenue from these customers. Jazzercise may modify or discontinue this program at any time.

Jazzercise has developed a proprietary computer software program for customer management and registration that you must use. This software program includes proprietary software for ticket handling. You must also purchase a virus protection software suite. See Item 11 for details.

You must use our designated vendor for to provide transaction services to your customers. This vendor may charge you a fee and require you to submit to a credit check.

OneTouchPoint (OTP) (formerly BlueWater) is a Jazzercise marketing platform hosted by OTP that houses marketing materials, digital ads, access to order print and collateral materials, access to digital advertising, and an optional email platform. As of the date this Disclosure Document was issued, the base subscription fee of \$15 per month. If you also sign up for the email plan, you pay an additional \$25 per month. You are not required to use these services as of the date this Disclosure Document was issued. If you are a class owner or business franchisee, we may require you to use these types of marketing services in the future at a cost to you.

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, 2021 to October 31, 2022. 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 December 31, 2021, after remitting the premiums due to the insurance carriers, Jazzercise's income was \$681,832 or approximately 3.43% of its total revenues of \$19,869,057 (Jazzercise's gross revenue from franchisees who chose to obtain insurance coverage through Jazzercise was \$1,201,273 or approximately 6.05% of its total revenues of \$19,869,057). 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.

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. You must submit videos of your facility upon our request and provide us with a copy of your lease within 10 days after you sign the lease.

There are specifications for the audio player and microphone that 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) 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.

You may purchase promotional materials from Jazzercise if they are available. If Jazzercise decides to require an advertising campaign or marketing program, you must purchase sufficient amounts of advertising material from Jazzercise or contribute funds to Jazzercise to conduct such a campaign or program.

You may also purchase exercise apparel and clothing bearing the “Jazzercise” name or any other name that we develop, and other products such as visual recordings, 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.

For the year ended December 31, 2021, 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 \$1,192,031 or approximately 6% of its total revenues of \$19,869,057. From these gross revenues, Jazzercise had to pay the cost of these items which averaged approximately 47.83% of sales during the 12-month period ended December 31, 2021.

As of the date this Disclosure Document was issued, Jazzercise has negotiated a 25% discount for franchisees with ProCPR.org for online renewal of franchisees’ CPR certification. Jazzercise also negotiates purchasing arrangements with vendors and with suppliers of portable stages, signage and other business supplies. We may require that you use these and other services in the future, which may involve a cost to you. We previously had an arrangement with Ryka Shoes in which we received a rebate of 5% of all franchisee purchases.

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

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

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.

Jazzercise estimates that the purchases and leases described above constitute over 85% of your costs to establish and operate the franchised business.

## **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.**

<b><u>Obligation</u></b>	<b><u>Section in Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
a. Site selection and acquisition/lease	Paragraph 1C of the Class Owner and Business Owner Franchise Agreement	Items 11 and 12
b. Pre-opening purchases/leases	Paragraph 1C of the Class Owner and Business Owner Franchise Agreement; Paragraph 4 of the Associate Franchise Agreement	Items 7 and 8
c. Site development and other pre-opening requirements	Paragraphs 1(C) and 4 of the Class Owner and Business Owner Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Paragraph 3	Item 11
e. Opening	Paragraph 2B	Item 11
f. Fees	Paragraphs 3A(3) and 7; Paragraph 8B of the Class Owner and Business Owner Franchise Agreement; Paragraph 2 of the End User License Agreement	Items 5 and 6

<b><u>Obligation</u></b>	<b><u>Section in Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
g. Compliance with standards and policies/operating manual	Paragraphs 3, 4, 5A, 6, and 8; Paragraphs 1C, 9B, 11, 13B, and 14B of the Class Owner and Business Owner Franchise Agreement; Paragraphs 10, 12B, and 13B of the Associate Franchise Agreement	Item 11
h. Trademarks and proprietary information	Paragraphs 3 and 4; Paragraphs 9B, 11, and 13B of the Class Owner and Business Owner Franchise Agreement; Paragraphs 10 and 12B of the Associate Franchise Agreement; 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 of the Class Owner and Business Owner Franchise Agreement	Item 11
n. Insurance	Paragraph 5	Items 6 and 8
o. Advertising	Paragraph 9 of the Class Owner and Business Owner Franchise Agreement	Item 11
p. Indemnification	Paragraph 16 of the Class Owner and Business Owner Franchise Agreement; Paragraph 15 of the	Item 6

<b><u>Obligation</u></b>	<b><u>Section in Agreement</u></b>	<b><u>Disclosure Document Item</u></b>
	Associate Franchise Agreement	
q. Owner's participation/management/staffing	Paragraph 4H of the Class Owner and Business Owner Franchise Agreement; Paragraph 4E of the Associate Franchise Agreement	Item 15
r. Records and reports	Paragraph 8	Item 6
s. Inspections and audits	Paragraph 10 of the Class Owner and Business Owner Franchise Agreement; Paragraph 9 of the Associate Franchise Agreement	Items 6 and 11
t. Transfer	Paragraph 14 of the Class Owner and Business Owner Franchise Agreement; Paragraph 13 of the Associate Franchise Agreement; Paragraph 2 of the End User License Agreement	Item 17
u. Renewal	Paragraph 1E of the Class Owner and Business Owner Franchise Agreement; Paragraph 1D of the Associate Franchise Agreement	Item 17
v. Post-termination obligations	Paragraph 13 of the Class Owner and Business Owner Franchise Agreement; Paragraph 12 of the Associate Franchise Agreement; Paragraph 2 of the End User License Agreement	Item 17
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Paragraph 16J of the Class Owner and Business Owner Franchise Agreement;	Item 17

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
	Paragraph 15J of the Associate Franchise Agreement	

### **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 Agreements for Class Owner and Business Owner, 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, but you must submit photos and videos of the facility upon our request and provide us with a copy of your lease (See Franchise Agreements for Class Owner and Business Owner, Paragraph 1C).

After you submit your proposal for a location, Jazzercise will respond 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 within three months after signing the Franchise Agreement. If you are a class owner or an associate, you must teach your first class within 30 days after becoming certified. If you are a class owner or a business owner, you must open your location for classes within three months after becoming certified. 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 Agreements for Class Owner and Business Owner, Paragraph 3B(1)).

(4) Instruction and assistance in bookkeeping techniques, recordkeeping and the general operation of your business (See Franchise Agreements for Class Owner and Business Owner, Paragraph 3B(2) and Franchise Agreement for Associate, Paragraph 3B(1)).

(5) Production and dissemination of dance routines which are provided to you through video streaming (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 Agreements for Class Owner and Business Owner, Paragraphs 3B(3) and 3D and Franchise Agreement for Associate, Paragraphs 3B(2) 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 training, as described in greater detail below (See Franchise Agreement, Paragraph 3A and LO Jazzercise and Junior Jazzercise Addenda, Paragraph 3).

(7) Jazzercise will grant you access to the portion of its website, which is known as The Studio as of the date this Disclosure Document was issued but may change to another name in the future. The Studio is Jazzercise's proprietary franchise portal that provides operating policies and procedures, announcements, ongoing training, marketing materials, a forum for franchisee discussions and a learning management system. The Studio is Jazzercise's online version of an operating manual that includes videos. Jazzercise will notify you of updates to The Studio via the Jazzercise website while you are a franchisee (See Franchise Agreement, Paragraph 3C). Any changes to The Studio will not materially alter your fundamental rights under the Franchise Agreement. A copy of The Studio Navigation as of the date this Disclosure Document was issued is attached as Exhibit G to this Disclosure Document. Exhibit G also includes the number of pages in The Studio devoted to each subject and the total number of pages. The total number of pages/videos in The Studio is 608.

(8) Evaluation of your proposal to start a class or classes (See Franchise Agreements for Class Owner and Business Owner, Paragraph 4D). You must submit a proposal at least 30 days before your proposed start date for a class. 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 the earlier of the signing the Franchise Agreement or the first payment of consideration for the franchise and opening a location for classes is six weeks to three months. It may take longer to open a location during the public health crisis caused by COVID-19. 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 provides new routines through video streaming. 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 routines 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. If you are in breach of your Franchise Agreement, we may suspend delivery of new routines to you while you are in breach. (See Franchise Agreements for Class Owner and Associate, Paragraph 3D, and LO Jazzercise and Junior Jazzercise Addenda, Paragraph 3).

(2) If you are a Class Owner or a Business franchisee, provide you and your customers with Jazzercise On Demand, a digital streaming package that customers can purchase in person or online; we currently share revenues with you (See Franchise

Agreements for Class Owner and Business Owner, Paragraph 4A(1)). Jazzercise may change or discontinue this program at any time.

(3) 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 Studio to assist you in all phases of your business (See Franchise Agreements for Class Owner and Associate, Paragraph 3D).

(4) Preparation and dissemination of promotional and advertising materials for your use (See Franchise Agreements for Class Owner and Business Owner, Paragraph 3D).

(5) Creation and availability of a variety of materials including brochures, fliers and other materials for distribution to Jazzercise customers (See Franchise Agreements for Class Owner and Business Owner, Paragraph 3D).

(6) 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).

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

(8) 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).

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

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

(11) Assistance and training in procedures and policy and generally assisting you, which is provided through either Jazzercise's sales managers if you are a Business or Class Owner, or Jazzercise's Franchisee & Customer Support or Training & Development departments if you are an Associate; and for Business Owners and Class Owners only, assistance and training in coordinating class schedules, facilities and times and resolving conflicts or disputes between franchisees (See Franchise Agreement, Paragraph 3D).

(12) 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 Agreements for Class Owner and Business Owner, Paragraph 3D).

(13) Evaluation of your proposal to start additional classes. You must submit a proposal at least 30 days before your proposed start date for a class (See Franchise Agreements for Class Owner and Business Owner, Paragraph 4D).

(14) Jazercise may send its representative or agent to evaluate your conduct or otherwise evaluate your classes to determine whether or not you (or the Jazercise instructor who conducts your classes if you are a business franchisee) are conducting them in a manner consistent with Jazercise's policy and procedures. You may be required to send Jazercise a digital file of yourself (or your instructor) teaching a class to allow Jazercise to evaluate your performance periodically (See Franchise Agreements for Class Owner and Business Owner, Paragraph 10 and Franchise Agreement for Associate, Paragraph 9).

(15) Providing a proprietary computer software program, a third party computer software program or other web-based system for customer management and registration, for which you may be charged a fee (see Franchise Agreements for Class Owner and Business Owner, Paragraph 8B).

### Advertising

Jazercise 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. Jazercise may also establish an advertising fund. If it does so, you must contribute to it. Jazercise 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, Jazercise may make financial reports of the advertising fund available to you upon reasonable request. You may request a copy of Jazercise's financial report that Jazercise has prepared for the advertising fund (if and when Jazercise establishes an advertising fund) by sending a written request to Jazercise. Jazercise may advertise in all types of media - print, radio, television - on a local, regional or national basis. Jazercise provides you with promotional and advertising materials that it develops for your use. Jazercise develops its advertising in its in-house marketing department. Jazercise may periodically consult with an advertising agency. In addition, Jazercise may provide sales training or other material to assist you in selling Jazercise Apparel merchandise. If Jazercise 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, a digital marketing agency called OneTouchPoint (OTP) (formerly BlueWater) hosts a repository marketing materials, digital ads, access to order print and collateral materials, access to digital advertising, and an optional email platform. As of the date this Disclosure Document was issued, there is a base subscription fee of \$15 for class owner and business owner franchisees and an additional monthly fee of \$25 if you sign up for the email program. You are not required to use these services as of the date this Disclosure Document was issued. If

you are a class owner or business franchisee, we may require you to use these types of marketing services in the future at a cost to you.

You may only use advertising materials, including advertising copy mailers, handouts and flyers, that Jazercise provides to you. You may not participate in any benefits or promotional events unless they are approved by Jazercise. Jazercise's approval must be in writing.

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.

### Computer System

As of the date this Disclosure Document was issued, Jazercise requires you to obtain a computer system so that you have access to the following:

(1) The Jazercise Business Center, our proprietary system designed to help franchisees manage their customer transactions and recurring billing accounts, pay their fees and submit reports.

(2) The Class Check-In System, our proprietary system designed to help franchisees manage the customer registration and attendance, tickets and classes.

(3) The Studio, our proprietary franchise portal that provides operating policies and procedures, announcements, ongoing training, marketing materials, a form for franchisee discussions and a learning management system.

(4) The Routines Database, our proprietary system designed to allow franchisees to stream videos of Jazercise routines, choreography notes and teaching tips.

Jazercise uses a third party vendor to provide transaction services. We use Stripe, Inc. as our third party vendor as of the date this Disclosure Document was issued. You must pay any processing fees that the vendor requires, and you may have to submit to a credit check.

Following are the minimum requirements for your computer system:

Operating System: Windows 10 or MacOS 10.13 or later version

Internet Connection: 5 Mbps or higher Internet connection

Printer: Inkjet or Laser printer

Internet Browser: Chrome, Safari, Firefox, Microsoft Edge, Internet Explorer 11+

Scanner: 1D Barcode Scanner (optional)

Franchisees must also maintain a working e-mail address and have access to e-mail on a regular basis to receive communications sent by Jazercise.

To maintain the integrity and security of Jazercise systems, and for the protection of customers, you must:

- (1) Purchase, install and keep up-to-date a virus protection software suite. Jazercise recommends the following vendors: Norton (Symantec), McAfee, AVG, Bit defender or Avast. Jazercise does not guarantee these products or provide a warranty for them.
- (2) Keep your system updated by applying security updates on your computer operating system.
- (3) Use passwords on any computers or mobile devices that you use for accessing customer data and Jazercise systems, and change the passwords periodically.

Jazercise may require that it have access to the information you store on your computer system and be able to download it. There are no contractual limitations on its rights to do so. The estimated cost to purchase or lease the computer system for the operation of your Jazercise business is between \$500 and \$1,500, depending upon the system you choose to use.

### Training

Our Training Specialist will e-mail you training materials after you are accepted into the training program. You must review the materials and practice the routines before the audition. Before you audition, you will be required to sign a Jazercise New Franchisee Training Participation Agreement attached to this Disclosure Document as Exhibit L. The audition and training for all franchisees is conducted monthly online. 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 AUDITION – ASSOCIATES AND CLASS OWNERS</u>			
Exercise Science and Safety Guidelines	2-4 hours	0	Online
Exam (taken online)	30 minutes- 1 hour	0	Online
Routine choreography*	6-10 hours	0	Online

<u>SUBJECT</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>HOURS OF ON THE JOB TRAINING</u>	<u>LOCATION</u>
Video calls with Training Specialist	3 hours	0	Online
<b><u>AFTER AUDITION – ASSOCIATES AND CLASS OWNERS</u></b>			
Cueing and Connection	15 minutes	0	Online
Strength Training	40 minutes	0	Online
New Instructor Onboarding	30 minutes	0	Online
Set Structure (webinar/conference call)	1 hour	0	Online

We offer the following additional training to Class Owners and Business Owners.

**AFTER TRAINING – CLASS OWNERS AND BUSINESS OWNERS**

Working with an NFT Trainee (new instructor certifying as a class owner)	60 minutes	0	Online
Review “Explore Owning”	60 minutes	0	Online
Facilities	60 minutes	0	Online
Class Schedule	60 minutes	0	Online
Pricing	60 minutes	0	Online
Marketing, Advertising & Promos	60 minutes	0	Online
Accounting & Reporting	60 minutes	0	Online
Building a Team	60 minutes	0	Online

\*Jazzercise currently sends this item to you electronically. However, Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits routine choreography to you at any time.

The training materials contain the instructional materials for each subject: text material on health and fitness, instructional presentations on techniques, and “Jazzercise” choreography. Jazzercise currently provides you with these presentations electronically. However, Jazzercise may change the medium (e.g., digital recording, Internet or other electronic transmission) by which it transmits routine choreography to you at any time. Instructors who conduct Jazzercise training for new franchisees have a minimum of two years of experience as Jazzercise franchisees and have received satisfactory instructor assessments from Jazzercise. They also have a minimum of two years of experience in the field of instruction.

Jazzercise does not charge for this training or service. As of the date this Disclosure Document was issued, training is online but if we decide to conduct training in person, you must pay your travel and living expenses while attending the training if it is conducted at a location that is not near your residence or if you choose to attend training conducted that is not near 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 at a location that is not near your residence.

The training program is mandatory for all new franchisees and for recertifying franchisees. You must complete the training program to Jazzercise's satisfaction within six months after signing the Franchise Agreement. 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 requests to attend training sessions. As of the date this Disclosure Document was issued, we regularly host franchise meetings that you may, but are not required to, attend. In the future, we may require you to attend franchisee 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. You must submit your proposal to offer or relocate a class at least 30 days before the proposed start date of the class. 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, which are described in The Studio. 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. Jazercise 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 or low impact formats and children's programs. 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 Jazercise's consent through its sales 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 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.

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

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

You must teach a minimum number of classes as provided in The Studio, except if you are a business owner and do not teach classes. This may change periodically and is four classes per month as of the date this 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 required to pay the minimum continuing fee of \$250.00 per month if you are a class owner. This may further increase to \$500.00 per month. If you are an associate instructor, the minimum annual fee is \$120.00 if you pay in one lump sum or \$12.00 per month if you pay monthly. This fee may further increase to \$300.00 annually if paid in one lump sum. If you are a business franchisee, the minimum continuing fee is \$500.00 per month. This may further 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 other name we designate to or from any location. Jazzercise conducts an online fitness program through Jazzercise on Demand. 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. Jazzercise’s online policy and social media policy are integral parts of the Jazzercise System. Jazzercise has the right to review all online content on social media sites, blogs, in electronic communications and on other online 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 online 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 operate or franchise a dance fitness program or a business offering similar services under a different trademark, but it does have preliminary plans to explore doing 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 that 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 online policy and social media policy, which include approved online activities to promote the Jazzercise program and approved use of its trademarks. Jazzercise’s online policy and social media policy are located in The Studio and are subject to change periodically. Your failure to comply with the Jazzercise online 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 original “Jazzercise” name is registered on the Principal Register in the United States Patent & Trademark Office (“USPTO”), bearing registration number 1,079,083, registered on December 6, 1977 by Judi Sheppard Missett. All rights incident to the use and registration of the mark have since 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 on the Principal Register of the USPTO 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>
Trademark	DANCE MIXX	4,957,500	05/10/2016
Service Mark	DANCE MIXX	4,957,553	05/10/2016
Service Mark	FIT IS IT	1,589,433	03/27/1990 (last renewed 04/10/2019)
Trademark/Service Mark		5,042,965	09/13/2016
Trademark/Service Mark		5,042,966	09/13/2016
Trademark	JAZZERCISE (CL.18)	1,587,823	03/20/1990 (last renewed 04/22/2019)
Trademark	JAZZERCISE (CL.21)	1,587,879	03/20/1990 (last renewed 04/22/2019)
Trademark	JAZZERCISE (CL.24)	1,587,896	03/20/1990 (last renewed 04/22/2019)
Trademark	JAZZERCISE (CL.25)	1,589,011	03/27/1990 (last renewed 05/10/2019)
Trademark	JAZZERCISE (CL.28)	1,589,110	03/27/1990 (last renewed 05/09/2019)
Trademark	JAZZERCISE (CL.41)	1,079,083	12/06/1977 (renewed 02/22/2017)
Service Mark	JAZZERCISE IT SHOWS	2,668,728	12/31/2002 (renewed 02/22/2012)

<u>Type of Mark</u>	<u>Mark Name</u>	<u>Registration Number</u>	<u>Registration Date</u>
Service Mark	JM DIGITALWORKS	3,201,123	01/23/2007 (renewed 10/06/2016)
Service Mark	JUNIOR JAZZERCISE	1,586,174	03/06/1990 (last renewed 04/06/2019)
Service Mark	KIDS GET FIT	3,675,709	09/01/2009 (renewed 10/24/2018)
Service Mark	PERSONAL TOUCH	5,068,690	10/25/2016
Service Mark	FLIP FUSION	5,162,660	03/14/2017
Service Mark	GIRLFORCE	5,178,383	04/04/2017
Service Mark	JAZZERCISE LO	5,412,524	02/27/2018
Service Mark	JAZZERCISE ON DEMAND	6,300,644	03/23/2021

Jazzercise has filed applications for the following marks with the USPTO:

<u>Type of Mark</u>	<u>Mark Name</u>	<u>Application Number</u>	<u>Application Date</u>
Service Mark	REVEL DANCE FITNESS	88/379,361	04/10/2019

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. 1,616,454 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 against 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 in accordance with 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 has registered copyrights for its choreography and related textual materials with the U.S. Copyright Office, 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 721-793, PA 721-794, PA 721-795, PA 723-095, PA 723-096, PA 825-006, PA 825-007, PA 828-955, 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, PA 1-691-308, PA 191-606, PA 163-877, PA 320-992, TX 3-101-818, TX 3-104-295, TX 2-659-917, TX 1-565-846, TX 1-928-612, PA 377-347, TX 3-106-811, TX 4-090-356, TX 4-090-357, TX 3-100-541, and TX 076-610.

Jazzercise or its founder has also registered copyrights for its motion pictures that include choreography with the U.S. Copyright Office, which have been assigned registration numbers PA 1-805-720, PA 750-085, PA 1-805-721, PA 1-805-719, PA 1-842-518, PA 1-842-508, PA 1-842-510, PA 1-842-512, PA 1-842-516, PA 1-842-505, PA 1-842-390, PA 1-842-449, PA 1-842-491, PA 1-842-494, PA 1-842-528, PA 1-842-519, PA 1-842-520, PA 1-842-521, PA 1-842-527, PA 1-895-194, PA 1-895-195, PA 1-895-191, PA 1-908-274, PA 1-897-768, PA 1-897-765, PA 1-927-132, PA 1-932-355, PA 1-928-145, PA 1-938-951, PA 1-963-140, PA 1-963-141, PA 1-969-224, PA 1-994-440, PA 2-015-894, PA 2-002-574, PA 2-038-414, PA 2-038-415, PA 2-062-660, PA 2-075-725, PA 2-075-654, PA 2-063-285, PA 2-089-310, PA 2-099-046, PA 2-107-055, PA 2-124-703, PA 2-137-102, PA 2-157-098, PA 2-166-077, PA 2-169-769, PA 2-177-622, PA 2-189-906, PA 2-226-641, PA 2-228-632, PA 2-262-951, PA 2-292-478, PA 2-296-656, PA 2-302-259, PA 2-318-317 and PA 2-320-787. Filings for certain additional 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 computer-related copyrights for 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 U.S. Copyright Office, or of any court, of 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 in accordance with 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 or low impact routines and children's programs or consisting solely of children's programs. An instructor must be actively teaching, as periodically described by Jazzercise in The Studio, in order to remain a franchisee. The minimum number of classes per month that an instructor must teach as of the date this Disclosure Document was issued is four 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 by you 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 or low impact routines and children's programs 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 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 that 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 incorporates 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.

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.

If you lease a center to conduct Jazzercise dance fitness classes, you may not offer products other than Jazzercise products to customers in your Jazzercise classes unless we consent in writing. You may engage in a retail business that 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 where the Jazzercise dance fitness classes 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 connection with 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 such policy, and you must provide Jazzercise with evidence of all of this.

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 Studio. 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.**

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Paragraph 1E(1) of Class Owner and Business Owner Franchise Agreement; Paragraph 1D(1) of Associate Franchise Agreement	Five years.

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
b. Renewal or extension of the term	Paragraph 1E(2) of Class Owner and Business Owner Franchise Agreement; Paragraph 1D(2) of Associate Franchise Agreement	If you meet certain conditions, you can enter into a renewal Franchise Agreement for an additional term of five years; this does not apply if you are signing a new Franchise Agreement because you are relocating to a new state. Business Owners have no right to renew.
c. Requirements for franchisee to renew or extend	Paragraph 1E(3) of Class Owner Franchise Agreement; Paragraph 1D(3) of Associate Franchise Agreement	You must sign Jazercise'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 Jazercise's then-current requirements for franchisees including maintaining Jazercise's image. You must also successfully complete initial training if Jazercise requires you to do so. You must sign a release. You must not have received three or more default notices in any 24 month period. Jazercise must not have decided to withdraw from your market. You must have the right to continue occupying your current location. You must not have repeatedly misused or failed to use Jazercise's current names and logos on advertising materials. Renewal option does not apply if you have moved to another state.

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
d. Termination by franchisee	Paragraph 12A of Class Owner and Business Owner Franchise Agreement; Paragraph 11A of Associate Franchise Agreement	Be in good standing and give 30 days' notice.
e. Termination by franchisor without cause.	Not Applicable	Not Applicable
f. Termination by franchisor with cause.	Paragraph 12B and 12C of Class Owner and Business Owner Franchise Agreement; Paragraph 11B and 11C of Associate Franchise Agreement	Jazzercise can terminate only if you default or if the events described in g and h occur.
g. "Cause" defined- curable defaults	Paragraph 12C of Class Owner and Business Owner Franchise Agreement; Paragraph 11C of Associate Franchise Agreement	You have five days to cure nonpayment and up to 30 days for other types of noncompliance, subject to applicable law.
h. "Cause" defined- non-curable defaults	Paragraph 12B of Class Owner and Business Owner Franchise Agreement; Paragraph 11B	Noncurable defaults (subject to applicable law): bankruptcy or insolvency, abandonment, mutual agreement to terminate, your material misrepresentation to Jazzercise, conduct which reflects unfavorably on

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
	of Associate Franchise Agreement	Jazzercise, failure to obtain Jazzercise's consent to a location within three months after signing the Franchise Agreement (for class owners and business owners), failure to teach your first class within 30 days after becoming certified (for class owners and associates), failure to complete the initial training program within six months after signing the Franchise Agreement, 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 Studio and contents confidentially, noncompliance with law, failure to report money collected, fail to make timely payments on three 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 online or social media policy, you are not authorized to work in the United States, you engage in fraud, you fail to submit reports to local

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
i. Franchisee's obligations on termination/non-renewal	Paragraph 13 of Class Owner and Business Owner Franchise Agreement; Paragraph 12 of Associate Franchise Agreement	licensing laws within seven days. Pay all amounts due to Jazercise (if you fail to do so, Jazercise may assign to a debt collection agency), discontinue use of trademarks, de-identify, return, destroy and permanently delete documents, lists and all other proprietary information to Jazercise, 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 The Studio (also see r below).
j. Assignment of contract by franchisor	Paragraph 14A of Class Owner and Business Owner Franchise Agreement; Paragraph 13A of Associate Franchise Agreement	No restriction on Jazercise's right to assign.
k. "Transfer" by franchisee – definition	Paragraph 14B of Class Owner and Business Owner Franchise Agreement; Paragraph 13B of Associate Franchise Agreement	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 Jazercise. Transfer also includes any transfer to any of

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
I. Franchisor approval of transfer by franchisee	Paragraph 14B of Class Owner and Business Owner Franchise Agreement; Paragraph 13B of Associate Franchise Agreement; Addenda (Paragraph 3)	You may only transfer to another franchisee. You must obtain Jazercise's consent to all transfers. However, you may transfer a class to an existing franchisee in your territory if you notify your sales manager in writing and report to Jazercise 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.
m. Conditions for franchisor approval of transfer	Paragraph 14B(4) of Class Owner and Business Owner Franchise Agreement; Paragraph 13B(4) of Associate Franchise Agreement	You must be in good standing and be in compliance with all of Jazercise's then-current standards. You must obtain lessor's consent if required. The transferee must successfully complete Jazercise'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

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
n. Franchisor's right of first refusal to acquire franchisee's business	Paragraph 14C of Class Owner and Business Owner Franchise Agreement; Paragraph 13C of Associate Franchise Agreement	specially designated national or blocked person.
o. Franchisor's option to purchase franchisee's business	Not Applicable	Jazzercise can match any offer for your business.
p. Death or disability of franchisee	Paragraph 14D of Class Owner and Business Owner Franchise Agreement; Paragraph 13C of Associate Franchise Agreement	If you die, your executor or representative may sell the franchise to a qualified buyer within 90 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 24 weeks.
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Paragraph 16I of Class Owner and Business Owner	No modification without a writing signed by you and Jazzercise, except that Jazzercise may

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
	Franchise Agreement; Paragraph 15I of Associate Franchise Agreement	change its policies described on The Studio.
t. Integration/merger clause	Paragraph 16I of Class Owner and Business Owner Franchise Agreement; Paragraph 15I of Associate Franchise Agreement	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 Disclosure Document.
u. Dispute resolution by arbitration or mediation	Paragraph 16J of Class Owner and Business Owner Franchise Agreement; Paragraph 15J of Associate Franchise Agreement	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 16J of Class Owner and Business Owner Franchise Agreement; Paragraph 15J of Associate Franchise Agreement	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 16J of Class Owner and Business	California law applies, subject to state law.

<b>Provision</b>	<b>Section in Franchise or Other Agreement</b>	<b>Summary</b>
	Owner Franchise Agreement; Paragraph 15J of Associate Franchise Agreement	

### **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.

Jazzercise has no other ongoing 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 Baldridge, 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 2019 to 2021

<b>Column 1 Outlet Type<sup>1</sup></b>	<b>Column 2 Year Ended<sup>3</sup></b>	<b>Column 3 Outlets at Start of the Year</b>	<b>Column 4 Outlets at End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2019	6,574	6,366	-208
	2020	6,366	6,196	-170
	2021	6,196	5,844	-352
Company-Owned <sup>2</sup>	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Instructors	2019	6,574	6,366	-208
	2020	6,366	6,196	-170
	2021	6,196	5,844	-352

#### **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. All of the instructors at these facilities are franchisees.
3. For the year ended December 31st.

#### **Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years Ended 2019 to 2021**

<b>State</b>	<b>Year<sup>1</sup></b>	<b>Number of Transfers</b>

TOTAL	2019	0
	2020	0
	2021	0

**Notes:**

- For the year ended December 31st.

**Status of Franchised Outlets  
For Years Ended 2019 to 2021**

Column 1 <b>State</b>	Column 2 <b>Year<sup>1</sup></b>	Column 3 <b>Outlets at Start of Year</b>	Column 4 <b>New Outlets<sup>2</sup></b>	Column 5 <b>Terminations</b>	Column 6 <b>Non-Renewals</b>	Column 7 <b>Reacquired by Franchisor</b>	Column 8 <b>Ceased Operations – Other Reasons<sup>3</sup></b>	Column 9 <b>Outlets at End of Year<sup>4</sup></b>
Alabama	2019	26	3	0	0	0	4	25
	2020	25	2	0	0	0	1	26
	2021	26	3	0	0	0	1	28
Alaska	2019	25	0	0	0	0	5	20
	2020	20	0	0	0	0	9	11
	2021	11	1	0	0	0	0	12
Arizona	2019	144	7	3	0	0	24	124
	2020	124	7	0	0	0	9	122
	2021	122	5	4	0	0	10	113
Arkansas	2019	57	3	0	0	0	6	54
	2020	54	6	0	0	0	2	58
	2021	58	3	1	0	0	2	58
California <sup>4</sup>	2019	736	34	1	0	0	48	721
	2020	721	33	0	0	0	45	709
	2021	709	19	8	0	0	55	665
Colorado	2019	168	13	1	0	0	14	166
	2020	166	11	0	0	0	8	169
	2021	169	4	2	0	0	13	158
Connecticut	2019	69	2	0	0	0	2	69
	2020	69	0	0	0	0	7	62
	2021	62	0	1	0	0	4	57
Delaware	2019	28	3	0	0	0	3	28
	2020	28	0	0	0	0	2	26
	2021	26	1	1	0	0	3	23
Florida	2019	384	16	4	0	0	39	357
	2020	357	5	1	0	0	18	343
	2021	343	16	3	0	0	26	330
Georgia	2019	166	10	1	0	0	16	159
	2020	159	15	0	0	0	8	166
	2021	166	3	1	0	0	10	158
Hawaii	2019	19	0	0	0	0	2	17
	2020	17	3	0	0	0	1	19
	2021	19	1	0	0	0	1	19

Column 1 State	Column 2 Year <sup>1</sup>	Column 3 Outlets at Start of Year	Column 4 New Outlets <sup>2</sup>	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons <sup>3</sup>	Column 9 Outlets at End of Year <sup>4</sup>
Idaho	2019	24	3	0	0	0	0	27
	2020	27	2	0	0	0	1	28
	2021	28	10	0	0	0	2	36
Illinois	2019	266	15	1	0	0	22	258
	2020	258	2	0	0	0	16	244
	2021	244	5	3	0	0	18	228
Indiana	2019	110	3	2	0	0	15	96
	2020	96	5	0	0	0	8	93
	2021	93	5	1	0	0	5	92
Iowa	2019	71	5	0	0	0	3	73
	2020	73	2	0	0	0	9	66
	2021	66	1	1	0	0	1	65
Kansas	2019	180	18	0	0	0	13	185
	2020	185	12	0	0	0	13	184
	2021	184	3	2	0	0	14	171
Kentucky	2019	126	6	0	0	0	9	123
	2020	123	7	0	0	0	6	124
	2021	124	5	1	0	0	17	111
Louisiana	2019	115	8	1	0	0	7	115
	2020	115	3	0	0	0	9	109
	2021	109	5	3	0	0	4	107
Maine	2019	10	2	0	0	0	0	12
	2020	12	0	0	0	0	2	10
	2021	10	0	0	0	0	0	10
Maryland	2019	137	10	0	0	0	11	136
	2020	136	6	0	0	0	9	133
	2021	133	4	0	0	0	12	125
Massachusetts	2019	80	4	1	0	0	1	80
	2020	80	1	0	0	0	4	77
	2021	77	0	0	0	0	6	71
Michigan	2019	263	13	3	0	0	19	254
	2020	254	3	0	0	0	26	231
	2021	231	5	3	0	0	19	214
Minnesota	2019	68	3	0	0	0	6	65
	2020	65	2	0	0	0	6	61
	2021	61	0	0	0	0	4	57
Mississippi	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
Missouri	2019	165	18	0	0	0	11	163
	2020	163	14	0	0	0	11	166
	2021	166	12	1	0	0	9	168
Montana	2019	18	0	0	0	0	2	16
	2020	16	1	0	0	0	1	16
	2021	16	0	0	0	0	1	15
Nebraska	2019	230	11	0	0	0	26	215
	2020	215	19	0	0	0	15	219
	2021	219	6	2	0	0	19	204

Column 1 State	Column 2 Year <sup>1</sup>	Column 3 Outlets at Start of Year	Column 4 New Outlets <sup>2</sup>	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons <sup>3</sup>	Column 9 Outlets at End of Year <sup>4</sup>
Nevada	2019	55	0	2	0	0	12	41
	2020	41	0	0	0	0	5	35
	2021	35	2	2	0	0	3	32
New Hampshire	2019	57	3	0	0	0	9	51
	2020	51	1	0	0	0	4	48
	2021	48	0	2	0	0	5	41
New Jersey	2019	139	11	1	0	0	10	139
	2020	139	2	0	0	0	8	133
	2021	133	5	0	0	0	12	126
New Mexico	2019	100	16	0	0	0	7	109
	2020	109	4	1	0	0	5	107
	2021	107	3	2	0	0	14	94
New York	2019	159	4	0	0	0	17	146
	2020	146	1	0	0	0	11	136
	2021	136	1	1	0	0	10	126
North Carolina	2019	157	11	3	0	0	16	149
	2020	149	12	0	0	0	10	151
	2021	151	1	4	0	0	13	135
North Dakota	2019	4	0	0	0	0	0	4
	2020	4	1	0	0	0	0	5
	2021	5	0	0	0	0	1	4
Ohio	2019	350	28	2	0	0	23	353
	2020	353	17	0	0	0	26	344
	2021	344	4	1	0	0	19	328
Oklahoma	2019	64	3	0	0	0	12	55
	2020	55	9	0	0	0	4	60
	2021	60	4	0	0	0	8	56
Oregon	2019	118	11	0	0	0	14	115
	2020	115	6	0	0	0	4	117
	2021	117	2	1	0	0	9	109
Pennsylvania	2019	143	7	0	0	0	8	142
	2020	142	6	1	0	0	11	136
	2021	136	0	3	0	0	11	122
Rhode Island	2019	20	0	0	0	0	2	18
	2020	18	0	0	0	0	2	16
	2021	16	0	0	0	0	3	13
South Carolina	2019	77	9	0	0	0	11	75
	2020	75	2	0	0	0	3	74
	2021	74	4	0	0	0	9	69
South Dakota	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Tennessee	2019	72	10	0	0	0	10	72
	2020	72	1	0	0	0	2	71
	2021	71	2	2	0	0	4	67
Texas	2019	603	29	4	0	0	51	577
	2020	577	27	1	0	0	43	560
	2021	560	22	13	0	0	45	524

Column 1 State	Column 2 Year <sup>1</sup>	Column 3 Outlets at Start of Year	Column 4 New Outlets <sup>2</sup>	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons <sup>3</sup>	Column 9 Outlets at End of Year <sup>4</sup>
Utah	2019	78	13	0	0	0	6	85
	2020	85	3	0	0	0	5	83
	2021	83	6	1	0	0	7	81
Vermont	2019	52	2	1	0	0	2	51
	2020	51	3	0	0	0	10	44
	2021	44	1	0	0	0	3	42
Virginia	2019	261	8	2	0	0	20	247
	2020	247	4	0	0	0	16	235
	2021	235	6	4	0	0	9	228
Washington	2019	215	15	0	0	0	17	213
	2020	213	18	1	0	0	22	208
	2021	208	12	2	0	0	20	198
Washington, D.C.	2019	8	1	1	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
West Virginia	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	1	0	0	0	0	9
Wisconsin	2019	145	12	0	0	0	12	145
	2020	145	10	0	0	0	12	143
	2021	143	4	2	0	0	8	137
Wyoming	2019	4	1	0	0	0	1	4
	2020	4	0	0	0	0	2	2
	2021	2	0	0	0	0	2	0
TOTALS	2019	6,574	405	37	0	0	576	6,366
	2020	6,366	288	5	0	0	453	6,196
	2021	6,196	197	78	0	0	471	5,844

**Notes:**

1. For the year ended December 31st.
2. Column 4 New Outlets does not include franchisees who resign but are reinstated within one year or franchisees who moved into one state from another state.
3. Column 8 Ceased Operations – Other Reasons does not include franchisees who moved to another state. It does include franchisees who resigned.
4. 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.
5. Jazzercise operates facilities in Carlsbad and Oceanside, California that offer dance fitness classes. The instructors at these facilities are franchisees.

**Status of Company-Owned Outlets\***  
**For Years Ended 2019 to 2021**

Column 1 State	Column 2 Year <sup>1</sup>	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	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

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

**Notes:**

1. For the year ended December 31st.

**PROJECTED OPENINGS**  
**AS OF DECEMBER 31, 2021**

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	1	0
Alaska	0	0	0
Arizona	0	3	0
Arkansas	0	2	0
California	0	20	0
Colorado	0	5	0
Connecticut	0	2	0
Delaware	0	1	0
Florida	0	10	0
Georgia	0	5	0
Hawaii	0	1	0
Idaho	0	1	0
Illinois	1	7	0
Indiana	0	3	0
Iowa	0	2	0
Kansas	1	5	0
Kentucky	0	3	0

<b>Column 1</b> <b>State</b>	<b>Column 2</b> <b>Franchise Agreements Signed But Outlet Not Opened*</b>	<b>Column 3</b> <b>Projected New Franchised Outlets In The Next Year</b>	<b>Column 4</b> <b>Projected New Company-Owned Outlets In Next Fiscal Year</b>
Louisiana	0	3	0
Maine	0	0	0
Maryland	1	4	0
Massachusetts	1	2	0
Michigan	2	7	0
Minnesota	0	2	0
Mississippi	0	0	0
Missouri	0	5	0
Montana	0	0	0
Nebraska	0	6	0
Nevada	0	1	0
New Hampshire	1	1	0
New Jersey	0	4	0
New Mexico	0	3	0
New York	0	4	0
North Carolina	0	4	0
North Dakota	0	0	0
Ohio	0	10	0
Oklahoma	0	2	0
Oregon	0	3	0
Pennsylvania	1	4	0
Rhode Island	0	0	0
South Carolina	0	2	0
South Dakota	0	0	0
Tennessee	0	2	0
Texas	2	16	0
Utah	0	2	0
Vermont	0	1	0
Virginia	0	7	0
Washington	0	6	0
Washington, D.C.	0	0	0
West Virginia	0	0	0
Wisconsin	0	4	0
Wyoming	0	0	0
<b>Totals*</b>	<b>10</b>	<b>176</b>	<b>0</b>

\*As of January 1, 2022. 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 H 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 H includes the 100 franchisees who are closest to this state.

Also included in Exhibit H 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 December 31, 2021 or who has not communicated with Jazzercise or its representative within the 10 week period before the issuance date of this 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 franchise organization that has been created, sponsored or endorsed by Jazzercise or that has requested that Jazzercise include it in the 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, 2021, December 31, 2020 and December 31, 2019 and the related statements of operations and retained earnings and cash flows the years ended December 31, 2021, December 31, 2020 and December 31, 2019.

#### **ITEM 22**

#### **CONTRACTS**

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

Exhibit D      Franchise Agreement – Class Owners

Exhibit E      Franchise Agreement – Associates

- Exhibit F      Franchise Agreement – Business Owners
- Exhibit I      Addendum for Junior Jazercise  
Addendum for LO Jazercise
- Exhibit J      General Release
- Exhibit L      Jazercise New Franchisee Training Participation Agreement
- Exhibit M      SBA Addendum

**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 Disclosure Document and return it to Jazercise. 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.

# **EXHIBIT A**

## Exhibit A

### LIST OF STATE FRANCHISE ADMINISTRATORS

<u>State</u>	<u>Title of Administrator</u>	<u>Telephone Number</u>
California	Toll Free Number	(866) 275-2677
	Commissioner of Financial Protection and Innovation 320 W. 4th Street Suite 750 Los Angeles, California 90013-1259	(213) 576-7500
	or	
	One Sansome Street Suite 600 San Francisco, California 94104-4428	(415) 972-8565
	or	
	1455 Frazee Road, Suite 315 San Diego, California 92108	(619) 610-2093
	or	
	2101 Arena Boulevard Sacramento, California 95834	(916) 445-7205
Hawaii	Commissioner of Securities 335 Merchant Street, RM 205 Honolulu, Hawaii 96813	(808) 586-2744
Illinois	Attorney General 500 South Second Street Springfield, Illinois 62701	(217) 782-4465
Indiana	Securities Commissioner 302 West Washington St., Rm. E-111 Indianapolis, Indiana 46204	(317) 232-6681
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021	(410) 576-6360

<u>State</u>	<u>Title of Administrator</u>	<u>Telephone Number</u>
Michigan	Attorney General 525 West Ottawa Street 670 G. Mennen Williams Building, 1 <sup>st</sup> Fl. P.O. Box 30755 Lansing, Michigan 48933	(517) 335-7632
Minnesota	Commissioner of Commerce Main Office, Golden Rule Building 85 7th Place East, Suite 280 St. Paul, Minnesota 55101	(651) 539-1500
New York	Office of the New York State Attorney General Investor Protection Bureau of Franchise Section 28 Liberty Street New York, New York 10005	(212) 416-8236
North Dakota	Securities Commissioner 600 East Boulevard Avenue State Capitol Fifth Floor Bismarck, North Dakota 58505-0510	(701) 328-2910
Oregon	Director, Department of Consumer and Business Services 350 Winter Street NE P.O. Box 14480 Salem, Oregon 97309-0405	(503) 378-4100
Rhode Island	Director of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920	(401) 462-9500
South Dakota	Director, Division of Insurance Securities Regulation 124 South Euclid, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501	(605) 773-3563
Virginia	Director, Division of Securities and Retail Franchising Tyler Building, 9 <sup>th</sup> Floor 1300 East Main Street Richmond, Virginia 23219	(804) 371-9051

<u>State</u>	<u>Title of Administrator</u>	<u>Telephone Number</u>
Washington	Director, Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501	(360) 902-8760
Wisconsin	Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705	(608) 266-2139

# **EXHIBIT B**

## **Exhibit B**

### **LIST OF AGENTS FOR SERVICE OF PROCESS**

<u>State</u>	<u>Name and Address of Agent</u>
California	Sally Baldrige 2460 Impala Drive Carlsbad, California 92010
Hawaii	Commissioner of Securities of the State of Hawaii 335 Merchant Street Honolulu, Hawaii 96813
Illinois	Illinois Attorney General 500 South Second Street Springfield, Illinois 62701
Indiana	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2021
Michigan	Corporations, Securities and Land Development Bureau Michigan Department of Consumer and Industry Services 6546 Mercantile Way P.O. Box 30222 Lansing, Michigan 48909
Minnesota	Minnesota Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198
New York	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Commissioner 600 East Boulevard, Avenue Bismarck, North Dakota 58505-0510

Rhode Island	Director of Business Regulation Building 69-1 1511 Pontiac Avenue Cranston, Rhode Island 02920
South Dakota	Director, Division of Insurance 124 S. Euclid, 2 <sup>nd</sup> Floor Pierre, South Dakota 57501
Virginia	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219
Washington	Director of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, Washington 98501
Wisconsin	Division Administrator Wisconsin Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705

If a state is not listed, Jazercise has not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which Jazercise has appointed an agent for service of process.

# **EXHIBIT C**

# **Jazzercise, Inc.**

Financial Report  
December 31, 2021

## **Contents**

<u>Independent auditor's report</u>	<u>1-2</u>
Financial statements	
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Statements of income and retained earnings	4
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Notes to financial statements	6-18

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## Independent Auditor's Report

Board of Directors  
Jazzercise, Inc.

### Opinion

We have audited the financial statements of Jazzercise, Inc. (the Company), which comprise the balance sheets as of December 31, 2021, 2020 and 2019, the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for 12 months beyond the date of the financial statements.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*RSM US LLP*

San Diego, California  
February 28, 2022

**Jazzercise, Inc.**

**Balance Sheets**  
**December 31, 2021, 2020 and 2019**

	<b>2021</b>	2020	2019
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 10,479,178	\$ 8,220,062	\$ 5,217,136
Accounts receivable, net (Note 4)	373,960	402,652	654,252
Inventories	560,707	413,383	374,770
Investments in available-for-sale securities (Note 5)	849,477	200,990	1,697,507
Prepaid expenses and other current assets	1,139,433	1,077,356	1,337,931
<b>Total current assets</b>	<b>13,402,755</b>	10,314,443	9,281,596
Equipment and leasehold improvements, net (Note 6)	439,169	464,719	545,044
Software development costs, net (Note 1)	122,163	560,400	1,027,814
Investments in available-for-sale securities (Note 5)	2,235,693	1,415,704	1,376,632
Deferred contract costs (Note 2)	-	-	711,251
Deferred tax asset (Note 9)	113,169	79,433	399,224
Other assets (Note 10)	421,057	361,067	315,616
<b>Total assets</b>	<b>\$ 16,734,006</b>	\$ 13,195,766	\$ 13,657,177
<b>Liabilities and Stockholder's Equity</b>			
Current liabilities:			
Accounts payable and accrued expenses (Notes 3 and 7)	\$ 2,936,458	\$ 2,243,728	\$ 3,531,531
Current portion of deferred revenue (Note 8)	2,157,140	1,529,396	2,789,555
<b>Total current liabilities</b>	<b>5,093,598</b>	3,773,124	6,321,086
Deferred revenue, net of current portion (Note 8)	-	-	1,657,299
<b>Total liabilities</b>	<b>5,093,598</b>	3,773,124	7,978,385
Commitments and contingencies (Notes 11 and 12)			
Stockholder's equity:			
Common stock, no par value; authorized 3,000 shares; issued and outstanding 2,000 shares	20,000	20,000	20,000
Retained earnings	11,620,408	9,402,642	5,658,792
<b>Total stockholder's equity</b>	<b>11,640,408</b>	9,422,642	5,678,792
<b>Total liabilities and stockholder's equity</b>	<b>\$ 16,734,006</b>	\$ 13,195,766	\$ 13,657,177

See notes to financial statements.

**Jazzercise, Inc.**

**Statements of Income**  
**Years Ended December 31, 2021, 2020 and 2019**

	<b>2021</b>	2020	2019
Revenue, net (Notes 1 and 2)	<b>\$ 19,869,057</b>	\$ 18,906,297	\$ 21,580,533
Operating costs and expenses:			
Cost of revenue	3,352,439	3,165,853	5,779,513
Selling, general and administrative expenses	<b>13,844,073</b>	12,732,359	14,313,149
<b>Total operating costs and expenses</b>	<b>17,196,512</b>	15,898,212	20,092,662
<b>Income from operations</b>	<b>2,672,545</b>	3,008,085	1,487,871
Other income (expense):			
Interest income	4,154	18,596	51,678
Other income (Note 1)	<b>172,145</b>	174,414	274,869
Other expense	<b>(15,950)</b>	(15,938)	(27,759)
<b>Total other income</b>	<b>160,349</b>	177,072	298,788
<b>Income before (provision for) benefit from income taxes</b>	<b>2,832,894</b>	3,185,157	1,786,659
(Provision for) benefit from income taxes (Note 9)	<b>(615,128)</b>	(1,112,999)	166,127
<b>Net income</b>	<b>\$ 2,217,766</b>	\$ 2,072,158	\$ 1,952,786

**Statements of Retained Earnings**  
**Years Ended December 31, 2021, 2020 and 2019**

	<b>2021</b>	2020	2019
Retained earnings, beginning of year	<b>\$ 9,402,642</b>	\$ 5,658,792	\$ 6,897,228
Net income	<b>2,217,766</b>	2,072,158	1,952,786
Stockholder contributions (Note 10)	-	-	165,600
Stockholder distributions	-	-	(1,399,740)
Accounting Standards Codification 606 cumulative transition effect (Note 2)	-	1,671,692	(1,957,082)
Retained earnings, end of year	<b>\$ 11,620,408</b>	\$ 9,402,642	\$ 5,658,792

See notes to financial statements.

**Jazzercise, Inc.**

**Statements of Cash Flows**  
**Years Ended December 31, 2021, 2020 and 2019**

	<b>2021</b>	2020	2019
<b>Cash flows from operating activities:</b>			
Net income	\$ 2,217,766	\$ 2,072,158	\$ 1,952,786
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	527,833	549,090	542,269
Bad debt expense	31,728	32,194	-
Deferred income taxes	(33,736)	319,791	(399,224)
Realized gain on investments	(79,880)	(1,200)	(47,553)
Unrealized gain on investments	(55,807)	(137,482)	(227,316)
Related-party rent expense (Note 10)	-	-	165,600
Changes in operating assets and liabilities:			
Accounts receivable	(3,036)	219,406	(281,956)
Inventories	(147,324)	(38,613)	549,194
Prepaid expenses and other current assets	(62,077)	260,575	(401,015)
Deferred franchise costs	-	-	33,566
Other assets	(59,990)	(45,451)	(96,543)
Accounts payable and accrued expenses	692,730	(1,287,803)	(67,966)
Deferred revenue	627,744	(534,515)	(829,939)
<b>Net cash provided by operating activities</b>	<b>3,655,951</b>	1,408,150	891,903
<b>Cash flows from investing activities:</b>			
Maturities of certificate of deposits	350,000	99,022	-
Maturities of treasury bonds	2,860,356	1,497,105	-
Purchase of equipment and leasehold improvements	(64,046)	(1,351)	(554,662)
Purchased software development costs	-	-	(429,363)
Proceeds from sale of investments	575,400	-	101,335
Purchased of investments	(5,118,545)	-	-
<b>Net cash (used in) provided by investing activities</b>	<b>(1,396,835)</b>	1,594,776	(882,690)
<b>Cash flows from financing activities:</b>			
Stockholder dividends	-	-	(1,399,740)
<b>Net cash used in financing activities</b>	<b>-</b>	-	(1,399,740)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,259,116</b>	3,002,926	(1,390,527)
<b>Cash and cash equivalents:</b>			
Beginning of period	<b>8,220,062</b>	5,217,136	6,607,663
End of period	<b>\$ 10,479,178</b>	\$ 8,220,062	\$ 5,217,136
<b>Supplemental disclosures of cash flow information:</b>			
Taxes paid	<b>\$ 889,955</b>	\$ 618,020	\$ 644,685

See notes to financial statements.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Business and Summary of Significant Accounting Policies

**Nature of business:** Jazzercise, Inc. (the Company or Jazzercise) was formed in 1979 and is engaged primarily in franchising dance and fitness classes worldwide. Franchisees act as instructors and operate under the trade name Jazzercise. In addition to the franchising of dance and fitness classes, the Company is engaged in the electronic sale of fitness apparel and accessories under the trade name Jazzercise Apparel, has sales related to streaming video content of Jazzercise exercise programs under the trade name Jazzercise On Demand, and operates two dance/fitness studios located in Carlsbad and Oceanside, California. The Company is also headquartered in Carlsbad, California.

A summary of the Company's significant accounting policies is as follows:

**Basis of presentation:** The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Variable interest entity:** The Company is affiliated with Impala Building, LLC, a company with 100% common ownership. This affiliate leases certain facilities to the Company under operating lease terms (see Notes 10 and 11). In March 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-07, *Consolidation (Topic 810): Applying Variable Interest Entity Guidance to Common Control Leasing Arrangements*, which provides an accounting alternative for private companies with the option to elect not to apply the variable interest entity (VIE) guidance in Accounting Standards Codification (ASC) 810, Consolidation, to assess certain lessor entities under common control for consolidation. The Company adopted this guidance effective January 1, 2018. As such, the Company has applied the accounting alternative to all lessor entities meeting the conditions as outlined in the ASU. In October 2018, the FASB issued ASU 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, which superseded ASU 2014-07. The Company adopted the standard on January 1, 2021. The Adoption of ASU 2018-17 did not have a material impact on the financial statements.

**Use of estimates:** The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Significant estimates include the valuation of the deferred tax asset. Actual results could differ from those estimates.

**Cash and cash equivalents:** The Company considers all highly liquid instruments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents consist of cash and money market funds. At times, these balances may exceed the federally insured limits. Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of cash equivalents. The Company's cash equivalents are held in safekeeping by large, creditworthy financial institutions and are insignificant to the financial statements. The Company has not experienced any losses in such accounts, and management believes that the Company is not exposed to any significant credit risks on these accounts. There were no cash equivalents at December 31, 2021, 2020 or 2019.

**Accounts receivable:** Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date and are recorded at net realizable value. Unpaid accounts receivable with invoice dates over 30 days old do not accrue interest. After all attempts to collect a receivable have failed, the receivable is written off against the allowance for doubtful accounts.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

The Company provides appropriate provisions for uncollectible accounts and credits for returns based upon factors surrounding the credit risk and activity of specific customers, historical trends and other information. Allowance for doubtful accounts as of December 31, 2021, 2020 and 2019, are summarized in Note 4.

**Inventories:** Inventories principally consist of dance/fitness apparel and are stated at the lower of cost, determined on an average cost basis, or net realizable value. The Company provides appropriate allowances for slow-moving and obsolete inventory based upon inventory turnover and other relevant information. As of December 31, 2021, 2020 and 2019, no provision for slow-moving or obsolete inventory was deemed necessary.

**Investments:** From time to time, the Company will invest in different marketable securities. These investments consist of treasury bonds, certificates of deposit (CD) and mutual funds, all valued using Level 1 inputs. Treasury bonds are classified as current investments. CDs are classified between current and noncurrent based on the maturity date of the CD. The Company recognizes interest through other income as it is earned. Interest income was insignificant for the years ended December 31, 2021, 2020 and 2019. Mutual funds are measured and carried at their fair value. The Company implemented ASU 2016-01, which allows the Company to recognize unrealized gains and losses on mutual funds classified as available for sale in income. For the years ended December 31, 2021, 2020 and 2019, the Company had unrealized gains of \$55,807, \$137,482, and \$227,316 and realized gains of \$79,880, \$1,200 and \$47,553, respectively, which are included in other income in the accompanying statements of income. All of the mutual funds have been classified as noncurrent investments as of December 31, 2021, 2020 and 2019. Investments as of December 31, 2021, 2020 and 2019, are summarized in Note 5.

**Prepaid expenses:** Prepaid expenses consist primarily of fees paid in advance for professional services, insurance costs and income taxes.

**Equipment and leasehold improvements:** Equipment and leasehold improvements are stated at cost less accumulated depreciation. Depreciation of equipment is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to nine years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or lease term.

**Software development costs:** Software development costs include the costs to develop or obtain software for internal use, which is accounted for by the Company in accordance with ASC 350-40, *Intangibles—Goodwill and Other: Internal-Use Software*. Capitalization of such costs begins when the preliminary project stage is complete and ceases no later than the point at which the project is substantially complete and ready for its intended purpose. During the years ended December 31, 2021 and 2020, no software development costs were capitalized. During the year ended December 31, 2019, \$429,363 of software development costs were capitalized. Capitalized costs are being amortized over a useful life of three years. Amortization expense for software development costs was \$438,237, \$467,414 and \$485,956 for the years ended December 31, 2021, 2020 and 2019, respectively. Included in the balance sheets as of December 31, 2021, 2020 and 2019, are capitalized software costs of \$5,536,749, \$5,536,749 and \$5,536,749, respectively, less accumulated amortization of \$5,414,586, \$4,976,349 and \$4,508,935, respectively.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

**Deferred contract costs:** As of December 31, 2019, deferred franchise costs consist of capitalized training costs incurred for unearned initial franchise fees. Deferred franchise costs are amortized over the term of the respective franchisee life determined to be an average of seven years beginning when the training is completed. Effective January 1, 2020, the Company early adopted ASU 2021-02, *Franchisors—Revenue From Contracts With Customers (Subtopic 952-606): Practical Expedient*, and deferred contract costs were reduced to zero using the retrospective transition approach (see Note 2).

**Revenue recognition:** The Company recognizes revenues when the transfer of control of promised goods or services passes to its customers, in amounts that reflect the consideration to which it expects to be entitled in exchange for those goods or services. Deferred revenue includes consideration received by the Company prior to the transfer of control (see Note 2).

**Advertising and promotion costs:** Advertising and promotion costs are expensed as incurred and are included in selling, general and administrative expenses in the accompanying statements of income. Advertising and promotion expense amounted to \$985,699, \$876,724 and \$822,161 during the years ended December 31, 2021, 2020 and 2019, respectively.

**Shipping and handling costs:** Shipping and handling costs associated with shipping products to customers and handling finished goods totaled \$672,184, \$487,327 and \$640,446 during the years ended December 31, 2021, 2020 and 2019, respectively, and are included in selling, general and administrative expenses in the accompanying statements of income.

**Income taxes:** On January 1, 2019, the Company, with the consent of its sole stockholder, elected to revoke the S election for federal and state income tax purposes and elected to be treated as a C corporation. The Company's year-end for income tax reporting purposes is December 31.

The Company accounts for income taxes in accordance with ASC 740, Income Taxes. As such, the Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The impact of changes in tax rates and laws on deferred taxes, if any, applied during the years in which temporary differences are expected to be settled, is reflected in the financial statements in the period of enactment.

**Recent adopted accounting pronouncements:** In October 2018, the FASB issued ASU 2018-17, *Consolidation (Topic 810): Targeted Improvements to Related Party Guidance for Variable Interest Entities*, which effectively expands the private company alternative for common control leasing arrangements to all private company common control arrangements as long as both the parent and the legal entity being evaluated for consolidation are not public business entities. If elected, a company must apply the accounting alternative to all current and future legal entities under common control that meet the criteria for applying this alternative. Additionally, under the accounting alternative, a private company is required to provide detailed disclosures about its involvement with and exposure to the legal entity under common control. ASU 2018-17 also amends certain VIE guidance for related-party arrangements. Specifically, indirect interests held through related parties in common control arrangements should be considered on a proportional basis (as opposed to a direct interest in its entirety) for determining whether fees paid to decision makers and service providers are variable interests. The amendments should be applied retrospectively with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented. The Company adopted the standard on January 1, 2021. The Adoption of ASU 2018-17 did not have a material impact on the Company's financial statements.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

In January 2021, the FASB issued ASU 2021-02, *Franchisors—Revenue From Contracts With Customers (Subtopic 952-606): Practical Expedient*, which introduces a new practical expedient that simplifies the application of the guidance about identifying performance obligations for certain franchisors. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. Additionally, it includes an accounting policy election to recognize the pre-opening services as a single performance obligation. If an entity has already adopted Topic 606, these amendments are effective in interim and annual periods beginning after December 15, 2020. Early application is permitted. For these entities, this guidance should be applied retrospectively to the date Topic 606 was adopted. The Company early adopted this standard on January 1, 2020, and the standard had a material impact on its financial statements (see Note 2).

**Recent accounting pronouncements not yet adopted:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow-scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which exempts entities from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which an entity adopts the new leases standard. In November 2021, the FASB issued ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*, which allows lessees that are not public business entities to make the ASC 842 risk-free discount rate accounting policy election by class of underlying asset, rather than at the entity-wide level.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented, or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Company expects to adopt the guidance retrospectively at the beginning of the period of adoption, January 1, 2022, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented, and expects adoption to result in material right-of-use assets and lease liabilities.

The new standard provides a number of practical expedients. Upon adoption, the Company expects to elect the transition package of practical expedients permitted within the new standard, which, among other things, allows the carryforward of the historical lease classification. Further, upon implementation of the new guidance, the Company intends to elect the practical expedients to combine lease and nonlease components for all asset classes, to not recognize right-of-use assets and lease liabilities for short-term leases for all asset classes. The Company also expects to elect the practical expedient related to land easements.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Business and Summary of Significant Accounting Policies (Continued)

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This ASU is effective for the Company beginning on January 1, 2022. The adoption of ASU 2019-12 is not expected to have a significant impact on the Company's financial statements and related disclosures.

**Subsequent events:** Management has evaluated subsequent events through February 28, 2022, the date the financial statements were available to be issued. All subsequent events requiring recognition have been incorporated into these financial statements.

#### Note 2. Revenue Recognition

**Revenue recognition:** The Company recognizes revenue in accordance with ASC 606, Revenue From Contracts With Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when, or as, performance obligations are satisfied

**Identification of the contract(s) with a customer:** The Company considers the terms and conditions of the contract, customary business practices and implied obligations to the customer in identifying contracts under ASC 606. The Company determines that it has a contract with a customer when the contract is approved, it can identify each party's rights regarding the services to be transferred, it can identify the payment terms for the services, it can determine the customer has the ability and intent to pay and the contract has commercial substance.

**Identification of the performance obligations in the contract:** Promised and implied performance obligations in a contract are identified based on the services and the products that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 2. Revenue Recognition (Continued)

**Determination of the transaction price:** The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods or services to the customer.

**Allocation of the transaction price to the performance obligations in the contract:** If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative stand-alone selling price.

**Recognition of revenue when, or as, the Company satisfies a performance obligation:** Revenue is recognized at the time the related performance obligation is satisfied by transferring the control of the promised goods or service to a customer. Consideration received in advance of a performance obligation being satisfied is recorded as deferred revenue. The Company recognizes revenue in an amount that reflects the consideration it expects to receive in exchange for those goods and services. The Company generates all its revenue from contracts with customers.

#### Practical expedients:

**Portfolio contracts:** The Company has elected to apply the portfolio practical expedient as all customer contracts have the same terms and conditions.

**Shipping and handling:** The Company has elected to apply the practical expedient for shipping and handling as the Company treats fulfillment activities on all merchandise sales as Free on Board Shipping Point.

**Taxes:** The Company has elected the practical expedient to exclude from transactions all sales and similar taxes.

**Principal vs. agent considerations:** The Company evaluates whether it is appropriate to record the gross amount of insurance sales and related costs or the net amount earned as revenue. Generally, when the Company is primarily obligated in a transaction, is subject to risk, has latitude in establishing prices, or has several but not all of these indicators, revenue is recorded as the gross sales price. The Company generally records the net amounts as revenue earned if the Company is not primarily obligated and does not have latitude in establishing prices. Key indicators that the Company evaluates in determining gross versus net treatment include, but are not limited to: (i) which party is primarily responsible for fulfilling the promise to provide the specified good or service; and (ii) which party has discretion in establishing the price for the specified good or service. Based on evaluation of the above indicators, the Company reports insurance revenues on a net basis as it is determined to be the agent. The Company reports Jazzercise on Demand (On Demand) revenue on a gross basis, net of distributor fees, as it is determined to be the principal.

**Jazzercise, Inc.****Notes to Financial Statements**

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**Note 2. Revenue Recognition (Continued)**

The Company's revenue consists of continuing franchise revenue, merchandise sales, On Demand and other revenue. Other revenue primarily consists of insurance program, associate fees, royalty, conventions and operating studio locations.

	2021	2020	2019
Continuing franchise revenue	\$ 8,292,829	\$ 8,898,334	\$ 11,986,405
Merchandise revenue	4,834,578	3,825,422	5,583,154
On Demand revenue	4,576,005	3,506,078	278,674
Other revenue	2,165,645	2,676,463	3,732,300
Total revenue	<u>\$ 19,869,057</u>	<u>\$ 18,906,297</u>	<u>\$ 21,580,533</u>

**Continuing franchise revenue:** The franchise agreements include (a) right to operate a Jazzercise dance fitness program consisting of choreographed and copyrighted exercise routines set to music, in accordance with certain proprietary information; (b) nonexclusive license to Jazzercise Dance Fitness Program; (c) Jazzercise to hold "Initial Training Program" and re-certification trainings to ensure franchisee is current with routines, training materials, instruction, and training in physiology and fitness routines, business procedures; and (d) right to use proprietary software. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and therefore are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide ability to operate under the Jazzercise name over the term of the franchise agreement, which is a series of services that represents a single performance obligation.

Effective January 1, 2020, the Company early adopted ASU 2021-02, *Franchisors—Revenue From Contracts With Customers (Subtopic 952-606): Practical Expedient*. As a result of adopting this ASU, (c) "Initial Training Program" and annual re-certification training in the Company's franchise agreements are now considered to be distinct from the franchise license and are separate performance obligations, which are recorded at a point in time when the training is provided. The Company recorded a transition adjustment as of January 1, 2020, using the retrospective approach, which resulted in an increase in retained earnings of \$1,671,692, and decrease in deferred contract costs of \$711,251 and deferred revenue of \$2,382,943. The adoption of the standard resulted in a decrease revenue of \$408,107 and cost of revenue of \$108,681, for the year ended December 31, 2020.

Continuing franchise fees are recorded as revenue when the franchisee commences operations and substantially all services required of the Company have been provided. Continuing franchise fees are calculated at the greater of the set minimum per month or a percentage of the franchisees' monthly revenue in accordance with the franchise agreement, and are recorded as revenue in the month to which they pertain. These revenues are considered variable consideration but, because they relate to a license of intellectual property, they are not included in the transaction price. Instead, continuing franchise revenue is recognized as the franchised sales occur. The franchise agreements also contain variable consideration for rebates (see Note 3). Advertising contributions when and if received from franchisees are recorded as a component of continuing franchise revenue.

**Merchandise revenue:** Revenue for the sale of merchandise is recorded when the control of the goods is transferred to the customer and the customer has the ability to direct the use of the goods and receive all of the related remaining benefits, which occurs at the point in time merchandise is shipped to the customer.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 2. Revenue Recognition (Continued)

**On Demand revenue:** In 2019, the Company launched the On Demand online platform to stream Jazzercise exercise material on various applications. Customers can sign up for either a monthly or yearly subscription to watch the material anytime. Revenue for On Demand is recognized when control has transferred to the customer, which occurs over the course of the subscription period. Annual subscription revenue is deferred and recognized on a straight line basis over the period of subscription.

**Deferred revenue:** Deferred revenue includes unearned initial franchise fees (2019 only), fees collected from Jazzercise convention registrants, advance payment of franchise and associate fees, On Demand subscription fees and other miscellaneous items, and is included in the accompanying balance sheets. All deferred revenue is recognized as revenue as the services are rendered by the Company and control transfers to the customer.

**Other revenue:** Other revenue primarily consists of insurance program, associate fees, royalty, conventions and operating studio locations.

#### Note 3. Continuing Franchise Fee Rebates

The Company has adopted a program whereby franchisees who meet certain requirements, as set forth by the Company, are granted rebates depending on the level of continuing franchise fees incurred during a calendar period. The rebate earned by franchisees under this rebate program is determined on an annual basis. Rebates, ranging from 10% to 35% of continuing franchise fees for the calendar years ended December 31, 2021, 2020 and 2019, were earned under this program and were \$757,143, \$980,049 and \$1,425,432, respectively. The rebates are recorded as a reduction to revenue in the accompanying statements of income. As of December 31, 2021, 2020 and 2019, the accrued rebates were \$757,143, \$597,130 and \$1,429,520, respectively, and are included in accounts payable and accrued expenses on the accompanying balance sheets. The Company may modify or discontinue the program at any time at its sole discretion.

#### Note 4. Accounts Receivable

Accounts receivable as of December 31 are summarized as follows:

	2021	2020	2019
Trade receivables	\$ 220,971	\$ 170,802	\$ 306,908
Continuing franchise fees	121,987	99,295	238,697
Miscellaneous	64,408	160,679	108,647
	407,366	430,776	654,252
Less allowance for doubtful accounts	(33,406)	(28,124)	-
	\$ 373,960	\$ 402,652	\$ 654,252

**Jazzercise, Inc.****Notes to Financial Statements**

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**Note 5. Fair Value Measurement**

The Company complies with Topic 820, which establishes a hierarchy for ranking the quality and reliability of information used to determine fair values and requires assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that companies have the ability to access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, through corroboration with observable market data.

**Level 3:** Unobservable inputs that are not corroborated by market data.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Company's investments are valued using Level 1 inputs. Investments at fair value as of December 31 are summarized as follows:

	2021	2020	2019
Certificates of deposit	\$ 1,635,551	\$ 302,764	\$ 401,786
Treasury bonds	-	-	1,497,105
Mutual funds	1,449,619	1,313,930	1,175,248
	<u>\$ 3,085,170</u>	<u>\$ 1,616,694</u>	<u>\$ 3,074,139</u>

**Note 6. Equipment and Leasehold Improvements**

Equipment and leasehold improvements as of December 31 are summarized as follows:

	2021	2020	2019
Office equipment	\$ 129,542	\$ 131,852	\$ 131,852
Furniture and fixtures	231,938	231,938	233,529
Video equipment	67,675	79,739	91,946
Transportation equipment	-	-	24,188
Leasehold improvements	2,206,947	2,142,903	2,972,781
	<u>2,636,102</u>	<u>2,586,432</u>	<u>3,454,296</u>
Less accumulated depreciation and amortization	(2,196,933)	(2,121,713)	(2,909,252)
	<u>\$ 439,169</u>	<u>\$ 464,719</u>	<u>\$ 545,044</u>

Depreciation and amortization expense related to equipment and leasehold improvements was \$89,596, \$81,676 and \$56,313 for the years ended December 31, 2021, 2020 and 2019, respectively.

**Jazzercise, Inc.****Notes to Financial Statements**

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**Note 7. Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses as of December 31 are summarized as follows:

	2021	2020	2019
Annual rebate accrual	\$ 757,143	\$ 597,130	\$ 1,429,520
Accrued paid days off	729,563	685,353	530,122
Accrued payroll	694,190	524,158	475,672
Accrued 401(k) employer contribution	242,598	-	238,348
Accrued other	512,964	437,087	857,869
	<b>\$ 2,936,458</b>	<b>\$ 2,243,728</b>	<b>\$ 3,531,531</b>

**Note 8. Deferred Revenue**

Deferred revenues as of December 31 are summarized as follows:

	2021	2020	2019
Deferred franchise revenue	\$ -	\$ -	\$ 2,382,943
Deferred associate fees and insurance	1,515,393	931,461	1,714,688
Deferred On Demand revenue	543,975	482,822	196,724
Other deferred revenue	97,772	115,113	152,499
	<b>\$ 2,157,140</b>	<b>\$ 1,529,396</b>	<b>\$ 4,446,854</b>

**Note 9. Income Taxes**

On January 1, 2019, the Company converted to a C corporation. From January 1, 2019, through December 31, 2021, the Company has prepared a provision for federal and state incomes taxes.

Deferred taxes are provided using the asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences and operating loss, and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

**Jazzercise, Inc.**

**Notes to Financial Statements**

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**Note 9. Income Taxes (Continued)**

Significant components of the provision for (benefit from) income taxes are as follows for the years ended December 31:

	2021	2020	2019
<b>Current:</b>			
Federal income tax expense	\$ 529,983	\$ 624,249	\$ 159,766
State income tax expense	118,881	168,960	64,037
	<u>648,864</u>	<u>793,209</u>	<u>223,803</u>
<b>Deferred:</b>			
Federal income tax (benefit) provision	(30,782)	287,612	(345,680)
State income tax (benefit) provision	(2,954)	32,178	(44,250)
	<u>(33,736)</u>	<u>319,790</u>	<u>(389,930)</u>
Total provision for (benefit from) taxes	<u>\$ 615,128</u>	<u>\$ 1,112,999</u>	<u>\$ (166,127)</u>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax assets and liabilities are as follows at December 31:

	2021	2020	2019
<b>Deferred tax assets, net:</b>			
Other intangible basis	\$ 13,475	\$ -	\$ -
Property and equipment	44,483	-	69,260
Software development costs	-	8,539	7,747
Charitable contribution	-	-	22,321
Accrued paid days off	162,683	149,977	115,826
Sales tax payable	3,585	19,434	13,745
Deferred revenue	-	-	468,681
Bad debt reserve	8,081	6,882	-
Other	107,357	91,621	46,643
Total deferred tax assets	<u>339,664</u>	<u>276,453</u>	<u>744,223</u>
<b>Deferred liabilities:</b>			
Section 263A Unicap	-	-	(7,634)
Property and equipment	-	(59,365)	-
Prepaid expenses	-	-	(175,446)
Prepaid insurance	(124,744)	(115,671)	(105,847)
Unrealized gain on investments	(101,751)	(21,984)	(56,072)
Total deferred tax liabilities	<u>(226,495)</u>	<u>(197,020)</u>	<u>(344,999)</u>
	<u>\$ 113,169</u>	<u>\$ 79,433</u>	<u>\$ 399,224</u>

For the years ended December 31, 2021, 2020 and 2019, the Company has \$0 net operating loss carryforwards related to federal and state operations.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 9. Income Taxes (Continued)

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) legislation. This legislation includes provisions relating to net operating loss carryback periods, alternative minimum tax credit refunds and modification to the net interest deduction limitations. The CARES Act did not have a material impact on the financial statements for the year ended December 31, 2021 or 2020.

The Company is subject to federal and state taxation in the United States and also in certain foreign tax jurisdictions. Generally, the Company's tax returns for fiscal year 2018 and beyond are subject to examination by the U.S. federal tax authorities, and returns for fiscal year 2017 and beyond are subject to examination by state tax authorities.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company did not accrue interest or penalties associated with any unrecognized tax benefits, nor was any interest expense or penalty recognized during the years ended December 31, 2021, 2020 or 2019.

#### Note 10. Related-Party Transactions

**Receivable from related party:** In August 2013, the Company terminated the two split-dollar life insurance policies that insured the sole stockholder and named the sole stockholder's Irrevocable trust (the Trust) as beneficiary. Prior to termination, the Company had funded premiums related to these policies. In connection with the termination of the two split-dollar policies, the Company entered into an agreement dated August 15, 2013, with the Trust, in which the Company agreed to extend certain loans to assist with the payment of other life insurance premiums or other matters as the parties may determine.

As of December 31, 2021, 2020 and 2019, the reimbursement receivable of premiums paid related to the new insurance policy was \$347,343, \$281,439 and \$215,459, respectively. The respective balances are included in other assets in the accompanying balance sheets, which are to be repaid to the Company by the Trust.

**Stockholder contributions and related-party lease:** During June 2015, the Company terminated its operating lease with the Company's stockholder for its corporate headquarters. During the year ended December 31, 2017, the stockholder transferred the building to Impala Building, LLC. The Company continued operations in the facility free of any rental obligations through 2019. Accordingly, the Company recorded a noncash equity contribution and rent expense each month in the amount of \$13,800, which approximated the fair market value of monthly rental payments. Total noncash contributions recorded as equity contributions were \$165,600 for the year ended December 31, 2019.

On January 1, 2020, the Company entered into a new five-year lease agreement with Impala Building, LLC, requiring monthly payments of \$23,335 for year ended December 31, 2020, with a 3% increase for each subsequent year. The total rent paid for the year ended December 31, 2021 and 2020 were \$287,016 and \$280,020, respectively. The Company is also required to pay property tax.

Pursuant to the Company's policy to apply the accounting alternative to certain lessor entities under common control, the Company did not consolidate Impala Building, LLC into the Company's financial statements.

## Jazzercise, Inc.

### Notes to Financial Statements

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#### Note 11. Commitments and Contingencies

**Operating leases:** The Company leases its principal facilities and certain equipment under noncancelable operating leases expiring at various dates through 2029.

Commitments for minimum future rentals, by year and in the aggregate, to be paid under operating leases that had initial or remaining noncancelable lease terms in excess of one year as of December 31, 2021, are as follows:

Years ending December 31:

2022	\$ 514,740
2023	520,950
2024	508,335
2025	151,613
2026	146,036
Thereafter	453,866
	<hr/> <u>\$ 2,295,540</u>

The Company incurred total rent and lease expense on all operating leases of \$514,186, \$564,786 and \$475,102 during the years ended December 31, 2021, 2020 and 2019, respectively. Of those amounts, \$294,372 for each of the years ended December 31, 2021 and 2020, and \$165,600 for the year ended December 31, 2019, were related to a lease with the Company's sole stockholder for the Company's corporate headquarters (see Note 10). These amounts are included in operating expenses in the accompanying statements of income.

**Retirement plan:** The Company sponsors a 401(k) profit sharing plan (the Plan) that is available to substantially all employees. Employer contributions to the Plan are determined at management's discretion. The Company contributed \$268,600, \$58,232 and \$422,799 related to the Plan during the years ended December 31, 2021, 2020 and 2019, respectively, which is included in selling, general and administrative expenses in the accompanying statements of income.

**Guarantees:** Minnesota state law requires the Company to indemnify franchisees in Minnesota against any liability resulting from third-party claims that the franchisee's use of the Company's trademark infringes upon the rights of the third party. The Company has not been required to defend its trademark in the state of Minnesota. No liability associated with this guarantee has been recorded in the Company's accompanying financial statements as of December 31, 2021, 2020 or 2019.

**Legal claims:** Because of the nature of its activities, the Company is, from time to time, subject to certain actions that arise out of the normal course of its business. In the opinion of management, the disposition of these matters will not have a material adverse effect on the Company's financial position or results of operations.

#### Note 12. COVID-19 Pandemic

On March 11, 2020, the World Health Organization characterized the novel coronavirus (COVID-19) as a global pandemic. There is considerable uncertainty of the duration and the likely effects of this disease, which may, among other things, impact demand for the Company's products and services. The Company cannot reasonably estimate the related financial impact to the subsequent period financial results given the uncertainties surrounding the duration of the outbreak and its impact on the Company's customers' buying behavior. Management is monitoring the situation on a daily basis in order to mitigate the potential impact of COVID-19 on the Company's operations and financial performance.

# **EXHIBIT D**

# **JAZZERCISE, INC.**

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## **FRANCHISE AGREEMENT**

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Exhibits

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## JAZZERCISE, INC.

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### FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into on \_\_\_\_\_, by and between JAZZERCISE, INC., a California corporation ("Franchisor"), and \_\_\_\_\_, an individual ("Franchisee"), with reference to the following facts:

- A. Franchisor has the right to operate and grant to others the right to operate a Jazzercise dance fitness program consisting of choreographed and copyrighted exercise routines set to music, in accordance with certain proprietary practices and procedures ("Proprietary Information") that are part of a system relating to the establishment, development, operation and management of the Jazzercise dance fitness program ("System");
- B. Franchisor has the right to use and license the use of the trademarks, tradenames, service marks, designs, emblems, logos, slogans, copyrights, Trade Dress, Trade Secrets (as defined below), commercial symbols and other indicia it designates, now or hereafter used or intended to be used or hereafter used in connection with the System, and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body including, without limitation, the name "Jazzercise" and related design logos ("Marks"); and
- C. Franchisor licenses the right to use the System and the Marks in the management of a dance fitness program ("Jazzercise Dance Fitness Program"). Franchisee desires to obtain a license to use the Marks and System in the operation of a Jazzercise Dance Fitness Program, and Franchisor is willing to grant Franchisee a license upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

#### 1. GRANT OF RIGHTS

##### A. NON-EXCLUSIVE LICENSE

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks and the System solely in the operation of the Jazzercise Dance Fitness Program at one (1) or more locations to be determined pursuant to the terms and conditions of this Agreement

within the geographic area described in **Exhibit “A”** attached hereto (“**Geographic Area**”). Franchisee acknowledges and agrees that Franchisee does not have any territorial or exclusive rights whatsoever with regards to the Geographic Area and that there will be other franchisees operating the Jazzercise Dance Fitness Program in the Geographic Area. The parties agree and acknowledge that Franchisee shall be responsible for, and have complete authority, responsibility, supervision and control over, the provision of all services performed at the Jazzercise Dance Fitness Program, subject to Franchisor’s approval of Franchisee’s class schedule. Subject to Franchisor’s approval, the non-exclusive license granted by this Agreement shall include the right to sell Franchisor’s approved products.

## **B. STATUS**

Franchisee is a class owner under this Agreement. In the event Franchisee chooses to change his or her status, including, but not limited to, associate, substitute or business owner, Franchisee shall obtain Franchisor’s prior written consent.

## **C. SITE SELECTION PROCEDURE**

(1) Franchisee’s Guidelines. Franchisor will provide Franchisee with certain guidelines, criteria and specifications for selection of a facility at which Franchisee shall conduct the Jazzercise Dance Fitness Program. The facility shall be subject to Franchisor’s consent.

(2) Site Proposal. If Franchisee proposes to lease a commercial facility at which to conduct the Jazzercise Dance Fitness Program, Franchisee shall provide Franchisor with all relevant information concerning the proposed site which may include the general location and neighborhood, zoning of the site, demographic information about the surrounding area, traffic flow, parking, rent, size, layout, physical characteristics of the location, lease terms, locations of any competitors, and such other information as Franchisor may require and as prescribed on The Studio (defined later), as may be amended from time to time (collectively, “**Site Proposal**”). Franchisee shall provide to Franchisor photos or videos of Franchisee’s proposed site upon Franchisor’s request. After Franchisee submits a Site Proposal, Franchisor will decide whether to consent to the proposed site within thirty (30) days after it receives the Site Proposal. Franchisee shall obtain Franchisor’s consent to a Site Proposal within three (3) months after the date of this Agreement.

(3) Franchisor’s Evaluation. Franchisor may act in its sole discretion in determining whether to consent to a Site Proposal. Franchisee acknowledges and agrees that Franchisor will not conduct any inspection of Franchisee’s facility.

(4) Consent to Site. After Franchisor has consented to the Site Proposal, it shall be Franchisee’s sole responsibility to obtain required approvals and permits from the appropriate governmental entities and to comply with local law regarding the securing of any permits, licenses, or other necessary governmental approvals, as applicable.

(5) Leased Property Site Development and Lease Terms. If Franchisee leases a commercial facility at which Franchisee conducts the Jazzercise Dance Fitness Program, Franchisee shall not sign a lease or contract for the location without receiving Franchisor's prior written consent. Franchisee shall provide Franchisor a copy of its executed lease. Franchisee shall fully perform all obligations to be performed by Franchisee under the lease or contract and shall immediately upon receipt of any notice of violation from the lessor or other party to the contract deliver a copy of such notice to Franchisor together with a statement of the steps proposed to be taken by Franchisee in response to the notice. The lease or contract must contain such additional terms and conditions as Franchisor may require to provide for the protection of Franchisor's rights and interests, including but not limited to a conditional lease assignment to Franchisor or its nominee in a form acceptable to Franchisor, and including the following:

- (a) the absolute and unconditional right of Franchisee to assign its interest in the lease to Franchisor or Franchisor's nominee at any time without the consent of the landlord and without rent increase or penalty;
- (b) the landlord's acknowledgment that Franchisee shall not assign or transfer the lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;
- (c) the landlord's consent to Franchisee's use of such signage as Franchisor may require;
- (d) the obligation of the landlord to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the lease;
- (e) that no amendment, addition, or other modification or change be made to the lease without obtaining the prior written consent of Franchisor;
- (f) that upon expiration or termination for any reason of the Franchise Agreement, Franchisee's rights under the lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice by Franchisor;
- (g) Franchisee's acknowledgment that the landlord may rely upon such notice and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;
- (h) that such notice will, without further act or formality, operate as an effective assignment of Franchisee's rights under the lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Franchisee under the lease; provided, however, that landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to the landlord, with respect to any liabilities arising from or relating to Franchisee's actions, failure to act or defaults prior to the assignment of the lease;

- (i) Franchisee's acknowledgment that the landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the landlord's possession respecting the premises and the operation of the Jazzercise Dance Fitness Program;
- (j) the landlord's acknowledgment that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with the System as required by this Agreement and, in the event of the exercise by Franchisor of such right, the landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the lease nor a subletting of the premises; and
- (k) that Franchisor will be a third party beneficiary under the lease.

Franchisee shall be responsible for all costs associated with the negotiation of the lease. All amounts spent by Franchisor to cure any breach by Franchisee of the lease for the site of the Jazzercise Dance Fitness Program shall be due to Franchisor from Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to cure any breach by Franchisee.

(6) Signage. All signage at the Jazzercise Dance Fitness Program site shall conform to Franchisor's specifications.

(7) Equipment and Supplies. Franchisee must purchase equipment and supplies for the Jazzercise Dance Fitness Program as designated by Franchisor from suppliers that are designated or approved by Franchisor as provided in Article 4 below.

(8) Relocation. Franchisee may not relocate the Jazzercise Dance Fitness Program, or open additional locations or add, change or cease offering any classes, without Franchisor's prior written consent. If Franchisee requests consent from Franchisor to relocate the Jazzercise Dance Fitness Program, including to another state, Franchisee shall sign Franchisor's then-current form of this Agreement and a general release of Franchisor and its representatives, to the extent permitted by applicable law, on a then-current form.

FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR WILL NOT INSPECT ANY SITE OR ASSIST OR SUPERVISE THE DEVELOPMENT OF ANY SITE. ALTHOUGH FRANCHISOR MAY CONSENT TO A SITE, FRANCHISOR MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE LOCATION, THE LEASE, OR THE SUCCESS OR PROFITABILITY OF THE JAZZERCISE DANCE FITNESS PROGRAM TO BE OPERATED AT SUCH LOCATION.

#### **D. FRANCHISOR'S RESERVATION OF RIGHTS**

Franchisee acknowledges that this Agreement does not restrict Franchisor or its affiliates from conducting businesses using marks or commercial symbols different from the Marks at any location, nor does it preclude them from using the Marks or licensing the right to others to use the Marks at any location whatsoever. Franchisor reserves all rights not specifically granted to Franchisee under this Agreement. In particular, and not in limitation of the foregoing, Franchisor reserves the right to conduct all commerce over the Internet and other means of electronic commerce as may in the future be developed, and Franchisee has no right to do so except as may be specifically permitted hereunder.

#### **E. TERM AND RENEWAL**

(1) Term. The term of this Agreement shall begin on the date it is executed by Franchisor and shall continue for five (5) years, subject to earlier termination as provided herein.

(2) Option to Renew. Subject to compliance with each and every one of the conditions set forth below, Franchisee shall have the option to renew the right to operate the Jazercise Dance Fitness Program for one (1) additional, consecutive period of five (5) years, unless this Agreement is signed in connection with a renewal term or is entered into because Franchisee is moving to a different state.

- (a) Franchisee must sign Franchisor's then-current form of Franchise Agreement which may contain terms that are materially different from those set forth in this Agreement; and
- (b) Franchisee must be in full compliance with this Agreement, and all other contracts between Franchisee and Franchisor and its affiliates, and in particular, must have paid all sums owing to Franchisor and its affiliates as and when due; and
- (c) Franchisee's Jazercise Dance Fitness Program must meet Franchisor's then-current requirements or Franchisee must make all expenditures deemed necessary by Franchisor to update the Jazercise Dance Fitness Program's equipment, signage and decor to reflect Franchisor's then-current requirements and image; and
- (d) Franchisee must attend a training if requested by Franchisor, perform the current routines, and complete re-training to Franchisor's satisfaction; and
- (e) Franchisee shall execute and deliver a general release in a form acceptable to Franchisor of any and all claims against Franchisor, and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents and representatives; and

- (f) Franchisee shall not have received three (3) or more notices of default during any twenty-four (24) month period during the initial term or preceding renewal term, as applicable; and
- (g) Franchisor must not have decided to withdraw from the Geographic Area; and
- (h) Franchisee must have the right to occupy the premises of its Jazzercise Dance Fitness Program for the renewal term; and
- (i) Franchisee shall have attended all meetings and training sessions required by Franchisor during each year of the preceding term; and
- (j) Franchisee shall not have failed to utilize Franchisor's then-current names, logos and marketing materials as required by Franchisor from time to time.

Franchisee shall notify Franchisor no later than one hundred twenty (120) days prior to the expiration of the term of this Agreement if Franchisee wishes to enter into a new Franchise Agreement with Franchisor at the expiration of the term. Franchisee shall have no right to enter into a new agreement with Franchisor if Franchisee fails to do so or if Franchisee fails to comply with each of the conditions set forth above in a timely manner or if Franchisee fails to return to Franchisor any documents within twenty (20) days after Franchisor has delivered them to Franchisee.

(3) Option Not to Renew. Notwithstanding the foregoing, Franchisor shall have the right to refuse to renew this Agreement. Franchisor may exercise this option by providing notice of its intention not to renew no later than one hundred twenty (120) days prior to the expiration of the initial term of this Agreement, subject to any longer periods of notice that may be required by applicable law, provided that Franchisor may provide less than one hundred twenty (120) days' notice if the Franchisee is in breach of this Agreement within the one hundred twenty (120) day period and at the time of the renewal. Such notice shall state the effective date of the non-renewal or expiration of this Agreement and state Franchisor's reasons for the refusal to renew.

(4) Time to Renew. If applicable law requires that longer periods of notice be given than those described above, this Agreement will remain in effect on a month-to-month basis until the notice required by applicable law has been given.

## **2. COMMENCEMENT OF OPERATIONS**

### **A. CONDITIONS FOR OPENING**

Franchisee shall not begin operating the Jazzercise Dance Fitness Program until Franchisor has given its consent in writing. Franchisee shall satisfy the conditions to commencement of operations, including without limitation, the completion of the Initial Training Program, as defined below, to Franchisor's satisfaction.

## **B. OPENING SCHEDULE REQUIREMENTS**

Franchisee must teach its first class within thirty (30) days after becoming certified by Franchisor. Franchisee must open its location for classes within three (3) months after becoming certified by Franchisor.

## **3. INITIAL TRAINING AND OPERATING ASSISTANCE**

### **A. TRAINING**

(1) Franchisor shall furnish to Franchisee its instructor certification program during such period as Franchisor designates (“**Initial Training Program**”). The Initial Training Program consists of training materials that are sent to Franchisee, followed by a one (1) day training conducted at selected locations throughout the country. All or part of the Initial Training Program may be conducted remotely online. The Initial Training Program shall include instruction and training in physiology and fitness, choreographed routines, business procedures, and the conduct of Jazzercise classes. Franchisee must complete the Initial Training Program within six (6) months after the date hereof to the sole satisfaction of Franchisor prior to conducting any class.

(2) Franchisor shall have the right, during the Initial Training Program, to further evaluate Franchisee’s fitness to operate under this Agreement. Franchisee shall not be permitted to operate the Jazzercise Dance Fitness Program until Franchisee has completed the Initial Training Program to Franchisor’s satisfaction. In the event Franchisee fails to complete the Initial Training Program to Franchisor’s satisfaction within six (6) months after execution of this Agreement, Franchisor shall have the right to terminate this Agreement.

(3) Franchisee shall not be charged an additional fee for the Initial Training Program.

(4) Franchisor may require Franchisee to attend refresher and additional training courses for up to five (5) days per year. Franchisor may also require Franchisee to attend additional training if Franchisor deems it necessary or appropriate. Franchisee agrees and acknowledges that Franchisor may designate the location for such training.

(5) Franchisee agrees and acknowledges that Franchisee shall be responsible either directly to Franchisor or to a representative of Franchisor to whom Franchisee shall report and Franchisee shall attend all Franchisor meetings and attend and complete to Franchisor’s satisfaction all training sessions as Franchisor may request.

(6) Franchisee shall be responsible for all travel and living expenses, if any, that Franchisee and its personnel may incur in connection with the Initial Training Program or refresher or additional training and in attending national meetings or conventions.

## **B. ADDITIONAL INITIAL OPERATING ASSISTANCE**

Franchisor shall provide the following additional initial assistance:

- (1) The rendering of assistance, guidance and instruction in initiating and promoting the use of facilities and the development of classes;
- (2) The rendering of instruction and assistance in Jazercise business accounting, record keeping and the general operation of Franchisee's business; and
- (3) The production and dissemination of teaching materials, routines, policies, guidelines and forms necessary to aid Franchisee in operating Franchisee's business. Franchisee acknowledges that Franchisor disseminates information including policies and other materials solely via The Studio, as defined below, and as of the date of this Agreement, such materials are only available via The Studio.

## **C. THE STUDIO**

Franchisor will provide to Franchisee for use during the term of this Agreement access to Franchisor's proprietary franchise portal that provides operating policies and procedures, announcements, ongoing training, marketing materials, a forum for franchisee discussions and a learning management system, and is available electronically on the portion of Franchisor's website designated for franchisees ("The Studio"). Franchisee shall comply with all such specifications, standards, operating procedures and rules prescribed from time to time on The Studio, or otherwise communicated to Franchisee in writing. The Studio shall be kept confidential by Franchisee. Franchisee will not at any time copy any part of The Studio, disclose any information contained in it to others or permit others access to them. Franchisee acknowledges and agrees that The Studio may be modified from time to time or replaced to change the content and to reflect changes in the standards of authorized services or the System, including, without limitation, modification of the name of The Studio. All modifications to The Studio shall be binding upon Franchisee upon being uploaded to Franchisor's website. Franchisee agrees to accept, implement and adopt any such modifications at Franchisee's own cost. The Studio will contain proprietary information belonging to Franchisor and Franchisee acknowledges that The Studio is, and shall remain, the property of Franchisor. Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System establish and maintain a common identity. Franchisee agrees and acknowledges that full compliance with each and every detail of the System and The Studio is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks and that failure of Franchisee to operate the Jazercise Dance Fitness Program in accordance with the System and The Studio can cause damage to all of the other parties described above, as well as to Franchisee.

## **D. PERIODIC ADVICE AND CONSULTATION**

Franchisor currently provides the following additional and on-going services:

(1) The ongoing production of new choreographed routines for distribution to and use by Franchisee at no charge to Franchisee; Franchisor may provide choreographed routines by streaming video or by any other medium (e.g., digital recording, Internet or other electronic transmission). Franchisor currently makes routine choreography notes on The Studio available to franchisees for online access, download and printing. Franchisee acknowledges and agrees that Franchisor may in the future charge for delivery of new routine choreography. During any period in which Franchisee is in breach of this Agreement, Franchisor may suspend delivery of new choreographed routines;

(2) The continuous training and support of Franchisee education of choreography and operation of Franchisee's business including the maintenance and updating of The Studio to assist Franchisee in operation of the Jazercise Dance Fitness Program;

(3) The preparation and dissemination of certain promotional and advertising materials for Franchisee's use;

(4) The creation and availability of a variety of materials including brochures, fliers and other materials for distribution by Franchisee to Jazercise customers;

(5) The rendering of accounting services to aid Franchisee in preparing accountings and reports and for the purpose of maintaining statistical information for the use and benefit of Franchisor and Franchisee;

(6) Taking all action Franchisor deems necessary to further and protect the trademarks, trade names, service marks and goodwill of Franchisor's name;

(7) Subject to Franchisor's rights under Section 9, conduct public relation activities and promotion of the Jazercise Dance Fitness Program in Franchisor's discretion through various media which may include, without limitation, newspapers, magazines, public appearances, celebrations, benefits and other special events, both nationally and regionally; Franchisee agrees and acknowledges that all national appearances must be coordinated through Franchisor, and that Franchisee is not permitted to represent Franchisor or make appearances on behalf of Franchisor at a regional or national level without Franchisor's prior written consent;

(8) The rendering of assistance, advice, rehearsals, critiques and guidance in securing and preparing demonstrations, celebrations, public performances and other appearances;

(9) The rendering of assistance and instruction in contacting the media and organizations for promotional purposes;

(10) The rendering of assistance and training through sales managers in procedures and policy; coordinating class schedules, facilities and times; and generally servicing and assisting Franchisee; and

(11) At Franchisor's option, distribute to Franchisee a line of fitness oriented clothing and other products which may vary from time to time, for sale to Franchisee's Jazercise customers, subject to the conditions set forth in Section 4F.

#### **4. OPERATION BY FRANCHISEE**

##### **A. OBLIGATIONS OF FRANCHISEE**

Franchisee acknowledges and agrees:

(1) To comply strictly with the requirements and instructions of Franchisor regarding the use of trade names, service marks, trademarks, and copyrights in connection with the conduct of the Jazercise Dance Fitness Program and the sale of products and clothing distributed by Franchisor. Franchisee agrees to comply strictly with all requirements and policies as contained on The Studio, including but not limited to the requirements: (i) to purchase upon commencement of his or her business the following: audio player(s), microphone, stage and such other equipment as may be necessary from time to time to receive transmissions from Franchisor; (ii) that Franchisee successfully complete all training and refresher training in cardiovascular pulmonary resuscitation recommended by the American Heart Association or the American Red Cross; (iii) that Franchisee provide Franchisor with updated information on customers upon request; (iv) that Franchisee offer Franchisor's online program known as Jazercise on Demand to Franchisee's customers in accordance with Franchisor's then-current policies; and (v) that Franchisee reimburse customers for fees they have paid for classes that are not given. If Franchisee fails to do so, Franchisor may reimburse such customers and Franchisee must immediately reimburse Franchisor for such amounts. Franchisor may also provide Franchisee from time to time with other information and policies and procedures on subjects such as marketing, public relations and style presentation;

(2) To maintain a uniformity of operation in accordance with the Franchisor methods, consistent with all provisions of Franchisor's policy and procedures as set forth on The Studio, as may be changed from time to time. Franchisee will utilize the class structure and only those dance fitness routines and programs which have been choreographed and approved by Franchisor in order to maintain a uniform System;

(3) To use his or her best efforts in seeking and arranging for facilities on a reasonable rental basis for the conduct of classes and in promoting the highest possible class attendance by advertising and promoting the Jazercise Dance Fitness Program; Franchisee acknowledges that Franchisee is required to teach a minimum number of classes per month, as set forth from time to time on The Studio;

(4) To conduct himself or herself in a professional manner, exhibiting the high standards expected by Franchisor and to exercise sound business judgment while a franchisee. Franchisee shall conduct himself or herself in a manner which does not demean the reputation enjoyed by Franchisor as a physically and mentally stimulating and healthy dance exercise program. Franchisee shall utilize associate, certified

instructors, in accordance with the policies on The Studio. Franchisee shall be solely responsible for the arrangements it makes with associate, certified instructors and others who assist with Franchisee's classes, and for the financial and other consequences of such arrangements.

## **B. CONDITION AND APPEARANCE**

Franchisee acknowledges and agrees:

(1) that the Jazzercise Dance Fitness Program premises will not be used for the sale of any products other than Jazzercise Apparel products;

(2) to maintain the condition and appearance of the Jazzercise Dance Fitness Program in accordance with Franchisor's standards as specified on The Studio, and consistent with the image of the Jazzercise Dance Fitness Program as a clean, sanitary, safe, educational, attractive, and efficiently operated business offering professional and courteous service;

(3) to maintain the condition, appearance and efficient operation of the Jazzercise Dance Fitness Program and its premises as is required by Franchisor, including, without limitation:

- (a) continuous and thorough cleaning and sanitation of the interior and exterior of the Jazzercise Dance Fitness Program premises;
- (b) interior and exterior repair of the Jazzercise Dance Fitness Program premises;
- (c) maintenance of equipment in good condition;
- (d) replacement of worn out or obsolete improvements, fixtures, furnishings, equipment and signs with approved improvements, fixtures, furnishings, equipment and signs; and
- (e) periodic painting and decorating.

(4) to place or display on the Jazzercise Dance Fitness Program's premises only such signs, emblems, lettering and logos, and display only such advertising materials as are provided from time to time by Franchisor and to display all advertising materials required by Franchisor.

## **C. ALTERATIONS TO JAZZERCISE DANCE FITNESS PROGRAM PREMISES**

Franchisee shall not make any alterations to the Jazzercise Dance Fitness Program premises, or to any improvements, layout, fixtures, and furnishings, signs, equipment, or appearance thereof or other elements of the Trade Dress, as defined below, without the prior written consent of Franchisor.

#### **D. PRODUCTS AND SERVICES; CLASS SCHEDULE**

(1) Prior to the commencement of a class or the move of an existing class, Franchisee shall obtain written approval from Franchisor of the days of the week and times of the classes to be held by Franchisee. Any proposal to start a class or move an existing class must be submitted to Franchisor at least thirty (30) days prior to the proposed start date of such class or move. Franchisee acknowledges and agrees that this proposal and approval of class schedule is conducted through the Jazzercise Class Locator System (JCLS) as of the date of this Agreement and that Franchisor shall have the right to change the method and system for approval at any time. Franchisor may condition its approval on the following:

- (a) the proposed class shall not cause a material diminution in the enrollment of existing classes in the Geographic Area or at the same location, as determined by Franchisor based on the types of existing classes held at the same location, the class enrollment, the number of classes being taught by other existing franchisees in the Geographic Area, the population of the Geographic Area and its density, demographics, number of other facilities in the Geographic Area, and the extent to which other franchisees in the Geographic Area are actively seeking to increase the enrollment in their existing classes;
- (b) the proposed class having sufficient enrollment of new customers not attending other classes, as determined by Franchisor in its sole discretion;
- (c) Franchisor's determination that the history of class growth in the Geographic Area for the proposed schedule and location justifies approval; and
- (d) Franchisor's evaluation of the performance of other franchisees operating in the Geographic Area.

(2) Franchisee shall not be precluded from enrolling a class member or selling products to persons residing outside of Franchisee's Geographic Area.

(3) Franchisee shall cause the Jazzercise Dance Fitness Program to use all equipment, products and services, and only those equipment, products and services, designated by Franchisor from time to time, and shall use such equipment, products and services strictly in accordance with the standards and specifications described on The Studio. Franchisor may designate vendors for such equipment, products and services.

(4) Franchisee shall at all times provide prompt, courteous, friendly and efficient service to all customers. Franchisee shall in all dealings with all customers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees not to deviate from the standards, specifications and operating procedures set forth in this Agreement and The Studio in order to ensure uniformity and quality of services offered to the public under the Marks.

(5) Franchisee may, but shall not be required, to sell other related services made available by Franchisor from time to time; provided, however, that Franchisor may adopt and require Franchisee to offer new services as part of the System.

#### **E. PURCHASE OF PRODUCTS; APPROVED SUPPLIERS**

(1) Franchisee shall purchase any and all products, equipment, supplies and services bearing the Marks that are required or used in the operation of the Jazzercise Dance Fitness Program only from (a) manufacturers, suppliers or distributors from time to time designated in writing by Franchisor, or (b) from Franchisor or Franchisor's product and apparel provider ("**Jazzercise Apparel**"), if available. Franchisee agrees and acknowledges that certain specially designed equipment, proprietary products, certain services and items used in the Jazzercise Dance Fitness Program that are integral to the System may only be available from Franchisor or its designated supplier. Franchisee agrees and acknowledges that the prices charged for such products, services and items are fair and reasonable.

(2) Franchisee acknowledges and agrees that Franchisor may in the future require that Franchisee must first obtain Franchisor's approval of any products, equipment, supplies and services not bearing the Marks that are used in the operation of the Jazzercise Dance Fitness Program and of the suppliers of such items.

(3) Audio Recordings. Franchisee shall purchase and use audio recordings for each song used with each routine demonstrated on the new routines supplied to Franchisee by Franchisor as described in Section 3D(1) above. Franchisor shall have the right to contract with an independent company to service the sale and distribution of audio recordings. Franchisee shall have the option of acquiring them from the company under contract with Franchisor or from its own source.

#### **F. SALE OF APPAREL AND OTHER PRODUCTS**

(1) Franchisee may, but shall not be required to, sell as part of its Jazzercise Dance Fitness Program, lines of clothing and other products, including, but not limited to, accessories, etc., as may be made available from time to time to Franchisee by Franchisor and Jazzercise Apparel for sale to Franchisee's customers. Franchisor shall provide, from time to time, its price list showing the cost of such merchandise to Franchisee and the suggested retail price. If Franchisee elects to sell such products, Franchisee shall pay to Franchisor, or Jazzercise Apparel, as directed by Franchisor at the time orders are placed, the franchisee price then currently being charged by Franchisor and Jazzercise Apparel, plus cost of handling, shipping and any applicable taxes. In the event Franchisor elects to extend credit to Franchisee for such merchandise, Franchisee agrees to pay for all products purchased as payment becomes due.

(2) Without Franchisor's prior written consent, Franchisee may not sell to its customers from the same premises at which Franchisee conducts its Jazzercise Dance Fitness Program any clothing or other products, including, but not limited to,

accessories, etc., unless they are made available by Franchisor and Jazzercise Apparel.

(3) Franchisee may operate a retail business that sells products similar to those distributed by Franchisor and Jazzercise Apparel if:

- (a) Franchisee obtains Franchisor's prior written consent;
- (b) The business is not conducted from the same premises at which the Jazzercise Dance Fitness Program is being conducted;
- (c) The business is not identified with Franchisor;
- (d) The Marks are not utilized in any such business;
- (e) The time devoted by Franchisee to such business does not adversely affect the Jazzercise Dance Fitness Program;
- (f) Franchisee refrains from using Franchisor's confidential lists of its customers, franchisees, agents and other personnel in connection with any such business; and
- (g) Franchisee obtains and maintains sufficient insurance coverage at limits and including coverage acceptable to Franchisor that includes Franchisor as a named insured with the right to receive at least thirty (30) days' prior written notice of any modification, cancellation or termination of such policy and provides Franchisor with evidence thereof.

## **G. SPECIFICATIONS, STANDARDS AND PROCEDURES**

Franchisee acknowledges that each and every detail of the appearance, center layout, supplies utilized, services offered, Jazzercise Dance Fitness Program premises, and other elements of trade dress in the operation of the Jazzercise Dance Fitness Program (**"Trade Dress"**) is important to Franchisor and the System. Franchisee shall comply with all mandatory specifications, standards and operating procedures relating to (i) the type and quality of the services offered by the Jazzercise Dance Fitness Program; (ii) the appearance, color, indicia and signage of the Jazzercise Dance Fitness Program premises; (iii) appearance of employees; (iv) cleanliness, standards of services, and operation of the Jazzercise Dance Fitness Program; (v) submission of requests for approval of materials, supplies, distributors and suppliers; and (vi) safety procedures and programs prescribed by Franchisor. Franchisee also agrees to use all equipment, signage and services as have been approved for the System from time to time by Franchisor. Mandatory specifications, standards, and operating procedures may be prescribed from time to time by Franchisor on The Studio, or otherwise communicated to Franchisee in writing, including without limitation, procedures regarding handling customer complaints. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures.

## **H. SUPERVISION**

The Jazzercise Dance Fitness Program must be under the direct supervision of Franchisee.

## **I. SYSTEM CHANGES**

Franchisee acknowledges that the System must continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly variations and additions to the System may be required from time to time in order to preserve and enhance the public image of the System. Accordingly, Franchisee agrees that Franchisor may, from time to time, upon notice, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, changes reflecting Franchisor's adoption and use of new or modified Marks, services, equipment and software. Franchisee agrees promptly to accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense (e.g., changing signs, destroying or recalling advertising and promotional items). Franchisee agrees and acknowledges that if Franchisee develops any component of the System which Franchisor permits or adopts for use in the Jazzercise Dance Fitness Program, such component will belong to Franchisor and Franchisee shall have no right or interest in such component other than a license to use it as part of the System pursuant to this Agreement.

## **J. COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES**

(1) Prior to beginning operations, Franchisee shall secure in Franchisee's name as the owner of an independent business all required licenses, permits and certificates relating to Franchisee's operation of the Jazzercise Dance Fitness Program in the Geographic Area, including, without limitation, all permits and certificates relating to the Jazzercise Dance Fitness Program. Franchisee shall adhere to any applicable legal requirements regarding the operation of the Jazzercise Dance Fitness Program. Franchisee acknowledges that such licenses, certificates and permits may require the payment of security deposits and other fees. Franchisee shall maintain all such licenses, permits and certificates (and require its instructors to maintain their respective licenses, permits and certificates) in full force and effect throughout the term of this Agreement.

(2) Franchisee shall operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access. In particular, and not in limitation of the foregoing, Franchisee shall comply with all laws governing consumer data and privacy and employ all means to maintain the security of consumer data. If any data security incident occurs, Franchisee shall notify Franchisor immediately and shall take steps to address and remedy such incident. Franchisor is not obligated to remedy Franchisee's data

security issue, but if Franchisor requires Franchisee to take certain steps including, without limitation, the retention of a remediation expert, Franchisee agrees to do so. A data security incident includes an act originated within or outside Franchisee's organization affecting Franchisee's computer system or other technology that violates the law or Franchisor's policies and involves unauthorized access to view, copy or use the System, customer data, confidential information or Trade Secrets.

(3) Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee or any of its personnel has violated any law or regulation, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications.

## **K. REGIONAL AND NATIONAL ACCOUNTS**

Franchisee acknowledges and agrees that Franchisor has the right to establish regional and national accounts for the provision of services related to the Jazzercise Dance Fitness Program. Franchisee agrees to provide services at the Jazzercise Dance Fitness Program based on the terms of any such regional or national account agreements that Franchisor may enter into with third parties. Franchisee understands that such terms may include discounts on the rates for services Franchisee provides.

## **5. INSURANCE**

### **A. REQUIREMENTS**

Before beginning to operate the Jazzercise Dance Fitness Program, Franchisee must obtain and maintain all insurance coverage for the periods of coverage as required by Franchisor from an insurer or insurers that meet Franchisor's criteria under the terms of this Agreement and the policies and procedures on The Studio, as may be amended from time to time, and that have a minimum Best's Rating of A or other comparable rating. Such insurance shall include coverage insuring against all loss and liability arising out of or in connection with the operation of the Jazzercise Dance Fitness Program, including, without limitation, comprehensive general liability insurance in the minimum amount of One Million Dollars (\$1,000,000.00), including personal injury, contractual liability, products and completed operations and professional liability coverage, and worker's compensation insurance, if required by law, including but not limited to employer's liability, with limits as required by applicable laws. In the event of a claim under any such policy, the deductible amount shall be the responsibility of Franchisee. Franchisee shall cause Franchisor and any of its affiliates that Franchisor specifies to be named as additional insureds under all such policies. Such insurance shall be underwritten by a reputable insurance carrier approved by Franchisor. Franchisee shall further cause Franchisee's insurance agent to copy Franchisor on all insurance policies related to the Jazzercise Dance Fitness Program and written and issued on behalf of Franchisee. In addition, all such policies shall provide for thirty (30) days' prior written notice to Franchisor of any material modification, cancellation or expiration of a policy. Upon request, Franchisee shall provide Franchisor with a certificate evidencing coverage. In the event of a change in an insurance carrier or

coverage, Franchisee shall provide Franchisor with certification by each new insurance carrier evidencing the terms of coverage, the coverage in force, and the persons insured. Such certification shall provide that the new insurance carrier will not alter, cancel or permit the coverage to lapse or expire without thirty (30) days' advance written notice to Franchisor. Franchisor or its insured shall have the right to participate in discussions with Franchisee's insurance company with regard to any claims that may affect Franchisor's business, and Franchisee agrees to adopt Franchisor's recommendations to its insurance carrier regarding any such claims. All amounts spent by Franchisor to secure any insurance coverage Franchisee fails to obtain shall be due to Franchisor by Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to secure any insurance coverage for Franchisee. Franchisee also acknowledges that Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance.

## **B. PURCHASE OF INSURANCE**

Insurance coverage may be available to Franchisee to purchase through Franchisor, in Franchisor's sole discretion. Franchisor currently sets the premium on an annual basis in the month of November.

## **6. TRADE SECRETS**

Franchisee acknowledges that there is information disclosed by Franchisor pursuant to this Agreement, during the Initial Training Program and subsequent training program and otherwise (including, without limitation, the Proprietary Information, methods of service, sources and suppliers of equipment and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems and knowledge of the System and the entire contents of The Studio), that is proprietary, confidential or a trade secret of Franchisor ("**Trade Secrets**"). Franchisee agrees to maintain the absolute confidentiality of all such information during and after the term of this Agreement and agrees not to use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall not make copies of such information or divulge such information to any other person. Franchisee shall require any other person involved in Franchisee's Jazzercise Dance Fitness Program who will have access to any confidential information or Trade Secrets to sign a confidentiality agreement in a form acceptable to Franchisor.

## **7. FEES**

### **A. INITIAL FRANCHISE FEE**

Franchisee shall pay to Franchisor a non-refundable initial franchise fee of One Thousand Two Hundred Fifty Dollars (\$1,250.00), payable as follows:

- (1) at least Fifty Percent (50%) on the Monday prior to the Initial Training Program; and

(2) the remaining balance, if any, via automatic payment deduction thirty (30) days after Franchisee completes the Initial Training Program.

If Franchisee elects not to attend the Initial Training Program, fails to complete the audition for the Initial Training Program to Franchisor's satisfaction, or fails to complete the Initial Training Program to Franchisor's satisfaction, this Agreement shall terminate and Franchisor shall refund the initial franchise fee to Franchisee less Two Hundred Fifty Dollars (\$250.00). Except as provided above, the initial franchise fee is fully earned immediately upon payment and is non-refundable.

**B. CONTINUING FEE**

Franchisee shall pay to Franchisor within five (5) days following the end of each calendar month, a continuing fee equal to ten percent (10%) of Gross Customer Enrollment Fees paid to Franchisee during each calendar month with respect to children's programs, special events and personal touch programs and twenty percent (20%) of all Gross Customer Enrollment Fees paid each calendar month with respect to all other programs conducted pursuant to this Agreement ("Continuing Fee"). "**Gross Customer Enrollment Fees**" means any and all amounts paid by customers with respect to the Franchisee's classes regardless of who collects the payments, but exclusive of sales and other taxes collected from Franchisee's customers. Gross Customer Enrollment Fees shall be considered received when billed. If Franchisee is on active status, Franchisee shall pay to Franchisor a minimum monthly Continuing Fee equal to \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to defray the cost to Franchisor for the on-going services provided to Franchisee. Franchisee acknowledges and agrees that this Continuing Fee may be increased at any time and from time to time during the term of this Agreement up to Five Hundred Dollars (\$500.00). This minimum Continuing Fee shall be waived for new franchisees for a period of twelve (12) months from the date Franchisee becomes certified as a Franchisor instructor; provided, however, that Franchisee shall nonetheless be required to pay the Continuing Fee with respect to Gross Customer Enrollment Fees received during any period of time during which the minimum Continuing Fee is waived. The Continuing Fee is not refundable under any circumstances including, without limitation, in the event Franchisee changes status.

**C. RETURNING FRANCHISEE FEE**

If Franchisee was formerly a franchisee who previously resigned and wishes to become a franchisee again within twelve (12) months of resigning, Franchisee must submit a movement screening video to Franchisor for Franchisor's review. If Franchisor, in its sole discretion, agrees to permit Franchisee to become a franchisee again, Franchisee shall pay a fee of Two Hundred Fifty Dollars (\$250.00). Franchisee shall also sign Franchisor's then-current Franchise Agreement.

#### **D. RECERTIFICATION FEE**

In the event Franchisee was formerly a franchisee of Franchisor who resigned, and Franchisor, in its sole discretion, agrees to permit Franchisee to become a Jazzercise instructor again more than twelve (12) months after Franchisee's resignation, Franchisee shall pay a fee of Six Hundred Twenty-Five Dollars (\$625.00), payable as follows:

(1) at least Fifty Percent (50%) on the Monday prior to the Initial Training Program; and

(2) the remaining balance, if any, via automatic payment deduction thirty (30) days after Franchisee completes the Initial Training Program.

Franchisee shall also sign Franchisor's then-current Franchise Agreement and attend and complete the Initial Training Program to Franchisor's satisfaction. The recertification fee is fully earned immediately upon payment and is non-refundable.

#### **E. MARKETING FEE**

Franchisee acknowledges and agrees that Franchisor shall have the right to establish a marketing fund ("Marketing Fund") to which Franchisee will be required to contribute an amount to be designated by Franchisor ("Marketing Fee"). Franchisor may arrange with a third party to administer the Marketing Fund.

#### **F. PERFORMANCE ROYALTIES**

Franchisee may, under copyright law, be required to pay certain performance royalties for the use of music. In the event payment is required, Franchisor reserves the right to contract for the payment of these royalties on behalf of Franchisee. The cost to Franchisee is based upon the contractual agreement between Franchisor and performing licensing organizations and the range of the number of each franchisee's customers. Upon collection of the proportionate sums due from franchisees, Franchisor shall hold Franchisee harmless from any claims for the specific royalties charged to and paid for by Franchisee.

#### **G. PAYMENT METHOD**

Franchisee must make payments to Franchisor through the Business Center, as defined below, or electronic funds transfer, which may be provided by a third party vendor designated by Franchisor. Franchisee shall execute and deliver such instruments and pay any processing fees as are necessary and appropriate to effect such transfers. Franchisee acknowledges and agrees that Franchisor shall have the right at any time to change the designated third party vendor and that the processing fees may change. Franchisor shall have the right to vary the frequency of the due date (e.g., from weekly to monthly) and the method of payment (e.g., from electronic funds transfer to automatic debit) from time to time. The Continuing Fee and the Marketing Fee are non-refundable.

## **H. CHARGE ON LATE PAYMENTS; DISHONORED PAYMENTS**

In addition to all other rights and remedies that accrue to Franchisor, in the event of any late or overdue payment by Franchisee, Franchisee shall pay a late fee of Fifty Dollars (\$50.00), except that if Franchisee elects to pay any insurance premiums owed to Franchisor on a monthly basis, the late fee is Ten Dollars (\$10.00) for late or overdue payments on such insurance premiums. In the event Franchisee does not submit a report when due as required by this Agreement (which for the purposes of the Gross Customer Enrollment Fees report shall be by the fifth (5<sup>th</sup>) day of each month), Franchisee shall pay to Franchisor an administrative handling fee of Fifty Dollars (\$50.00). Franchisee acknowledges that this Section does not constitute agreement by Franchisor to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts.

## **I. NO WITHHOLDING OF PAYMENT**

Franchisee agrees that Franchisee will not, on the grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset.

## **J. APPLICATION OF PAYMENTS; RIGHT OF OFFSET**

Notwithstanding any designation by Franchisee, Franchisor shall have discretion to apply any payments by Franchisee to any indebtedness of Franchisee. In addition, Franchisor shall have the right to offset any amounts due to it or its affiliates against any amounts to be paid to Franchisee.

## **K. TAXES**

In the event Franchisee is required by local law to withhold or deduct any tax on behalf of Franchisor from any amount payable to Franchisor under this Agreement, Franchisee shall increase the payment made to Franchisor by that amount and shall provide Franchisor with (1) documentation showing that Franchisor is being taxed at the lowest rate allowed under local law, and (2) written receipts from the appropriate taxing authority certifying that payments have been made on Franchisor's behalf at the rates previously communicated to Franchisor.

## **8. REPORTING AND RECORD KEEPING**

### **A. COMPUTER SYSTEM**

Franchisee shall acquire and maintain a personal computer (PC) system and maintain Internet access which meets or exceeds Franchisor's specifications as set forth in The Studio, including, but not limited to, a high speed Internet connection and browser sufficient to download all documents and files and access all websites (whether intranet or extranet) as Franchisor shall specify from time to time, computer memory sufficient to store such documents and files and to run Franchisor's proprietary computer software

programs, an active and functional e-mail address, the ability to download music and video and a printer. Franchisee shall maintain, repair, upgrade or update any computer equipment used in the Jazzercise Dance Fitness Program to maintain compatibility with any designated software and the ability to access The Studio and Franchisor's other proprietary software systems. Franchisee acknowledges and agrees that Franchisor requires Franchisee to obtain material, submit reports and make payments via the Jazzercise Business Center portal, as specified by Franchisor, and that Franchisor does not provide hard copies of any materials nor permit non-online payments.

## B. SOFTWARE

Franchisee shall use Franchisor's proprietary software as follows:

- (1) The Jazzercise Business Center, a proprietary system for management of customer transactions and recurring billing accounts, fee payment and report submission ("Business Center");
- (2) The Class Check-In System, a proprietary system for the management of customer registration and attendance, tickets and classes;
- (3) The Studio; and
- (4) The Routines Database, a proprietary system for the streaming of videos of Jazzercise choreographed routines, choreography notes and teaching tips.

Franchisee must also install and maintain a virus protection software suite. Franchisee acknowledges and agrees that (i) Franchisor shall have the right to change or modify the required software and to charge a fee in the future; (ii) Franchisor may replace this software with its own or a third party software; (iii) Franchisor may require that it have independent access to the information on Franchisee's computer system, including the right to download any information, and (iv) neither Franchisor nor any affiliate of Franchisor has any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software used in the Jazzercise Dance Fitness Program.

## C. RECORD KEEPING

Franchisee must have bookkeeping and accounting services that fairly reflect the Gross Customer Enrollment Fees, receipts and reports, costs of labor, semi-variables, fixed costs and advertising, and the financial results of the Jazzercise Dance Fitness Program, and also such procedures as may be more particularly described on The Studio .

## D. REPORTS

Between the first (1st) and fifth (5<sup>th</sup>) day of each month, Franchisee shall also deliver to Franchisor a Gross Customer Enrollment Fees report on a form designated or approved by Franchisor. Franchisee shall also submit to Franchisor such other financial and non-

financial reports and information as Franchisor may request. These statements and reports shall be certified as true and correct by Franchisee. Each such report shall be in the form and present the information required by or described on The Studio and submitted to Franchisor through the Business Center. Franchisor may require these reports to be submitted via an automatic filing.

#### **E. REQUIRED DISCLOSURE**

Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem it advisable, to disclose information regarding Franchisee or the operation of the Jazzercise Dance Fitness Program, including without limitation, earnings and other financial performance information. Franchisee agrees that Franchisor shall be entitled to disclose such information and that Franchisor shall have the right to determine the extent and manner in which such disclosure will be made. If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request.

### **9. MARKETING AND ADVERTISING**

#### **A. EXPENDITURES**

In the event Franchisor establishes a Marketing Fund, the following will apply. Franchisor may designate a third party to administer the Marketing Fund on such third party's platform. In that event, Franchisor may require Franchisee to pay the Marketing Fee to the third party. In the event Franchisor administers the Marketing Fund itself, Franchisee will pay the Marketing Fee to Franchisor. Franchisee agrees and acknowledges that the Marketing Fee may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds and may be deemed an asset of Franchisor. Franchisor will administratively segregate the Marketing Fund on its books and records. Franchisor will use the Marketing Fund for the purpose of marketing and promotional purposes, and Franchisor may elect to disseminate promotional materials through the Internet, television, radio and print media such as magazine, billboard, flyers or mailers, and newspapers. Franchisor may also use the Marketing Fund to hire a website management firm to manage a website on behalf of all Franchisees. Franchisor may also use the Marketing Fund to develop promotional and advertising materials, including, but not limited to, brochures, handouts, or other similar materials, for use by Franchisee. Franchisor will conduct such advertising and marketing of the System and its services as Franchisor deems desirable to promote and enhance the reputation of the System, including, without limitation, producing materials for use in connection with such advertising and marketing. Franchisee understands, acknowledges and agrees that all decisions regarding advertising and marketing, including without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies shall be made by Franchisor. Franchisee agrees and acknowledges that all costs of the formulation, development and production of any advertising and promotion (including without limitation the proportionate compensation of Franchisor's employees who devote time

and render services in connection with such advertising and promotional programs or the administration, accounting and collection of the Marketing Fees) will be paid from the Marketing Fund. Franchisee acknowledges that Franchisor may spend a portion of the Marketing Fund for the administration of the Marketing Fund. Franchisor does not have any obligation to make expenditures that are proportionate or equivalent to Franchisee's Marketing Fees in the Geographic Area, nor does Franchisor represent that Franchisee will benefit directly or pro rata from the placement of advertising. Franchisee agrees and acknowledges that Franchisor has the right to establish a local or regional marketing cooperative, and agrees to participate in such a cooperative if required to do so by Franchisor. Franchisor may require Franchisee to contribute all or a portion of its Marketing Fee to such a cooperative.

**B. ADVERTISING**

Franchisor may periodically provide Franchisee advertising materials. Franchisee shall use only advertising material provided by Franchisor.

**C. ADVERTISING CAMPAIGNS**

If Franchisor elects to conduct an advertising campaign, Franchisee agrees to participate in the campaign and purchase a sufficient amount of advertising material from Franchisor or pay a portion of the cost of the campaign. Franchisee acknowledges that such campaigns may involve gift certificates and discounts that are provided to customers.

**D. DISCOUNTS AND COUPONS**

From time to time as part of the advertising and promotional activities conducted by Franchisor, Franchisor may institute discount programs and issue or permit franchisees to issue coupons and gift certificates. Franchisee agrees to accept such coupons and gift certificates from customers and to redeem them in accordance with Franchisor's policies then in effect and to participate in such discount programs.

**E. NO FIDUCIARY DUTY**

Nothing in this Section or anywhere in this Agreement creates a fiduciary relationship between the parties, nor shall anything herein be deemed to create any trust duties between the parties. No covenant shall be implied to vary or interpret the terms of this provision.

**10. INSPECTION RIGHTS**

**A. TIMING AND SCOPE**

Franchisor and its representatives shall have the right, at any time, with or without notice, to monitor and observe the conduct of the Jazercise Dance Fitness Program for the purpose of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any

other purpose connected with the System. Franchisor will advise Franchisee of operating problems it discovers as a result of such activities or other reports. Franchisee agrees and acknowledges that Franchisor's representative or agent may evaluate Franchisee's classes from time to time to determine whether or not Franchisee is conducting the classes consistent with Franchisor's policy and procedures. Franchisee agrees to make an audio/visual recording of Franchisee teaching a class and provide photos and videos of Franchisee's facility from time to time upon Franchisor's request, and send such audio/visual recording or photos and videos to Franchisor at Franchisee's expense.

## **B. INSPECTIONS AND AUDITS**

(1) Franchisor's representatives shall have the right at all times during normal business hours to confer with employees and customers of the Jazzercise Dance Fitness Program, and to inspect and audit Franchisee's books, records and tax returns, or such portions thereof as pertain to the operation of the Jazzercise Dance Fitness Program. All such books, records and tax returns shall be kept and maintained for at least three (3) years after their creation at the Jazzercise Dance Fitness Program or such other place as may be agreed to from time to time in writing by the parties. Said records shall be prepared according to generally accepted accounting principles and procedures as may be prescribed by Franchisor. Franchisee shall provide Franchisor with all such accounting information as may be requested on reporting forms submitted to Franchisee for completion. Franchisee shall also submit to Franchisor current annual financial statements including profit and loss statements and balance sheets and such other reports as Franchisor may request to evaluate or compile research data on any aspect or aspects of Franchisee's business. If any such inspection or audit reveals that the Gross Customer Enrollment Fees reported in any report or statement are less than the actual Gross Customer Enrollment Fees ascertained by such inspection, then Franchisee shall immediately pay Franchisor the additional amount of Continuing Fees and Marketing Fees owing by reason of the understatement of Gross Customer Enrollment Fees previously reported, together with interest as provided in Section 10B(3) below.

(2) From the date hereof, and until three (3) years has elapsed following the end of the term of this Agreement, Franchisor or its authorized agent, shall have the right to request, receive, inspect and audit, at any time, without notice, any or all of the records referred to above, wherever they may be located, or at any other mutually agreeable location. Franchisee agrees and acknowledges that Franchisor may send a representative (without identification as a Franchisor representative and without prior notice) to Franchisee's classes as a walk-in customer and that Franchisor may then verify whether or not Franchisee accurately reports this revenue. Failure to do so may result in immediate termination of this Agreement.

(3) In the event that any report or statement understates Gross Customer Enrollment Fees by more than two percent (2%) of the actual Gross Customer Enrollment Fees ascertained by Franchisor's inspection, Franchisee shall, in addition to making the payment provided for in the immediately preceding sentence, and in addition

to any other remedies and rights Franchisor may have, pay and reimburse Franchisor for any and all expenses incurred in connection with its inspection and audit, including, but not limited to, accounting and legal fees and travel expenses, room and board and compensation for Franchisor's representatives. Such payments shall be without prejudice to any other rights or remedies Franchisor may have under this Agreement or otherwise. If the audit discloses an over-payment of fees or monies due Franchisor under this Agreement, Franchisor shall promptly pay the amount of such over payment to Franchisee.

## **11. MARKS AND TRADE DRESS**

### **A. OWNERSHIP OF MARKS AND GOODWILL**

Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement. Such right is limited to the operation of the Jazzercise Dance Fitness Program in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor in The Studio. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, directly or indirectly, Franchisor's affiliate's ownership of the Marks, its applications for registration, or registration of, or the validity or enforceability of, any of the Marks or Franchisor's right to use and license the Marks. Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor and its affiliate.

### **B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS AND TRADE DRESS**

If local laws require that Franchisee file a registration stating that Franchisee is conducting business under an assumed name or trade name, Franchisee shall state in such document that it is conducting such business as a franchisee of Franchisor. Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use; nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor or which may, in the judgment of Franchisor, be in bad taste or inconsistent with Franchisor's public image or tend to bring disparagement, ridicule or scorn upon Franchisor, its trade names or the goodwill associated therewith. Franchisee shall not use or display, or permit the use or display, of the trademarks, trade names, service marks, insignias, logotypes or any other commercial symbols or trade dress of any other person or entity in connection with the Jazzercise Dance Fitness Program without the prior written consent of Franchisor, or as expressly permitted on The Studio.

### **C. COPYRIGHTS**

Franchisee acknowledges that Franchisor and/or its affiliate has developed, and may further develop during the term of this Agreement, certain artistic designs, and certain other word combinations and other materials designated for use by Franchisee. Franchisee acknowledges that Franchisor and/or its affiliate retains all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement. Franchisee agrees and acknowledges that, if Franchisee develops any materials for use in the Jazercise Dance Fitness Program that Franchisor approves, Franchisor may incorporate such materials in the System and the copyright for any such materials shall belong to Franchisor without any further action required by the parties.

### **D. DEFENSE OF TRADEMARKS AND COPYRIGHTS**

(1) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks or of any of Franchisor's or its affiliate's copyrights in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor. Provided that Franchisee is in full compliance with this Agreement, Franchisor shall defend Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks and copyrighted material in accordance with this Agreement, using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its sole discretion. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings.

(2) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, or is using any of Franchisor's or its affiliate's copyrights, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights. In the event Franchisor undertakes such action, it shall have the authority and power of attorney to prosecute or settle such action. Franchisee agrees to render such assistance as Franchisor requires and agrees to cooperate fully with Franchisor to carry out the prosecution of any such action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

## **E. DISCONTINUANCE OF USE OF TRADEMARKS**

If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or any items of Trade Dress or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark or item of Trade Dress and to accept, use and display such additional marks or items of trade dress within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance.

## **F. SOCIAL MEDIA POLICY**

Franchisee agrees and acknowledges that Franchisor's on-line policy and social media policy are integral components of the Jazercise Dance Fitness Program. Franchisee agrees and acknowledges that Franchisee is obligated to comply with Franchisor on-line policy which is subject to change by Franchisor from time to time. Franchisee shall not register a domain name, create or maintain a website or electronic mail address utilizing the Marks or any name similar to the Marks or relating in any way to the Jazercise Dance Fitness Program without Franchisor's prior written consent. In the event Franchisee conducts any on-line promotional strategies, such on-line promotional strategies shall comply with Franchisor's on-line policy. Franchisee further agrees and acknowledges that Franchisor shall have the right to review and monitor all on-line content on social media sites, blogs, electronic communication and on other on-line sites on which its trademarks, service marks, trade names, copyrights or any similar marks are used. Franchisee agrees to remove any usage or content that Franchisor requires, including without limitation, content that Franchisor deems to be scandalous, immoral or detrimental to Franchisor's image. Franchisee further agrees and acknowledges that Franchisor may prohibit use of its trademarks, service marks, trade names, copyrights or any similar marks on any site or all sites. Franchisee agrees and acknowledges that failure to comply with Franchisor's on-line policy or social media policy is a material breach of this Agreement.

## **12. DEFAULT AND TERMINATION**

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

### **A. TERMINATION BY FRANCHISEE**

Franchisee may terminate this Agreement by giving thirty (30) days' advance notice to Franchisor (provided that Franchisee is not in default of this Agreement or any other agreements between Franchisor and Franchisee) and shall assist Franchisor in the smooth transition of Franchisee's facilities, leases and customers of Franchisor to

Franchisor or its designee and comply with each and every one of the provisions of Article 14.

**B. BY FRANCHISOR WITH NOTICE AND NO OPPORTUNITY TO CURE**

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause." If Franchisee:

(1) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not dismissed within ninety (90) days. For purposes of this section, "insolvent" means Franchisee's liabilities exceed its assets;

(2) abandons the Jazercise Dance Fitness Program by failing to conduct his/her scheduled classes for five (5) consecutive business days or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Jazercise Dance Fitness Program, unless such failure is due to disaster or similar reasons beyond Franchisee's control;

(3) agrees with Franchisor in writing to terminate the Franchise;

(4) has made any material misrepresentation or omission in the application for the Jazercise Dance Fitness Program or in any report that Franchisee submits to Franchisor pursuant to this Agreement;

(5) engages in conduct which in Franchisor's sole judgment reflects materially and unfavorably upon the operation and reputation of the Jazercise Dance Fitness Program, the System or Franchisor's business or program;

(6) fails to obtain Franchisor's consent to the location of the Jazercise Dance Fitness Program within three (3) months after signing this Agreement;

(7) fails to teach its first class or open its location according to Section 2B of this Agreement;

(8) fails to complete the Initial Training Program to Franchisor's satisfaction within six (6) months after signing this Agreement;

(9) repeatedly fails to comply with one or more requirements of the Jazercise Dance Fitness Program, including, without limitation, the requirement to maintain Franchisor's fitness image and the requirement to utilize Franchisor's then-current names, logos and marketing materials as required by Franchisor from time to time, whether or not corrected after notice, to pay on a timely basis any fees payable

hereunder, or otherwise fails to comply with this Agreement or The Studio and the quality standards therein, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement;

(10) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor or the System, or if any principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct;

(11) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement;

(12) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof;

(13) is evicted by the lessor for any reason, if Franchisee leases the site;

(14) has his/her Jazzercise Dance Fitness Program, assets or class premises seized, taken over or foreclosed by a government official in the exercise of his/her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, Franchisee is evicted by a lessor for any reason, or a final judgment of Five Thousand Dollars (\$5,000.00) or more against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed), or a writ or levy of execution shall issue against the Jazzercise Dance Fitness Program or the goods and chattels of Franchisee;

(15) makes any unauthorized use of the Marks or Trade Secrets or makes any duplication or disclosure of any Trade Secrets including, but not limited to, any portion of The Studio;

(16) fails to treat and protect The Studio and its contents as confidential, including failure to adequately restrict or protect access to The Studio or other information in sections of Franchisor's website to which access is restricted to franchisees;

(17) fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulations applicable to the operation of the Jazzercise Dance Fitness Program including, without limitation, the Americans with Disabilities Act;

(18) intentionally under-reports its Gross Customer Enrollment Fees to Franchisor;

(19) fail to timely make payments of any fees due under this Agreement on three (3) or more separate occasions within any twelve (12) month period;

(20) receives an unsatisfactory assessment and subsequently receives an unsatisfactory evaluation on a follow-up assessment by Franchisor's representative or agent;

(21) is subject to a determination by Franchisor, in its sole discretion, that continued operation of the Jazercise Dance Fitness Program by Franchisee will result in imminent danger to public health or safety;

(22) is designated, or any of Franchisee's immediate family, its representatives, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), is designated, by the United States government as a Specially Designated National or Blocked Person (as defined below);

(23) violates Franchisor's on-line policy or social media policy;

(24) loses his or her authorization under U.S. law to work in the United States;

(25) engages in fraudulent behavior including, without limitation, insurance or billing fraud; or

(26) fails to submit to Franchisor any reports provided by local licensing authorities within seven (7) days of receipt.

#### **C. BY FRANCHISOR WITH NOTICE AND OPPORTUNITY TO CURE**

This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause":

(1) noncompliance with any requirement in this Agreement not listed in Subsection B above within thirty (30) days after notice thereof is delivered to Franchisee; or

(2) failure to make payments to Franchisor for any amounts due within five (5) days after notice thereof is delivered to Franchisee.

This Agreement will terminate upon this notice to Franchisee without any further notice of termination unless required by law, or unless Franchisee has cured the breach(es) on or before the termination date. The description of any breach in any notice served by Franchisor upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

#### **D. CROSS DEFAULT AND CROSS TERMINATION**

Any default or breach by Franchisee of any other agreement between the parties shall constitute a breach or default under the Franchise Agreement, and any default or

breach by Franchisee of the Franchise Agreement shall constitute a breach or default under any other such agreement.

**E. NO WAIVER**

The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

**F. ENFORCEMENT**

Franchisee acknowledges that the decision to enforce or not to enforce compliance with Franchisor's rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances.

**13. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

**A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR**

Franchisee agrees to pay Franchisor immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and all other amounts owed to Franchisor or its affiliates which are then unpaid. Franchisee acknowledges that if Franchisee shall fail to pay all amounts owed, Franchisor may assign its right to collect such amounts to a debt collection agency.

**B. MARKS**

After the termination or expiration of this Agreement, Franchisee will:

(1) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any Mark, any imitation thereof or other indicia of the Jazzercise Dance Fitness Program in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association, or former connection or association, with Franchisor;

(2) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee the items destroyed) all products bearing any Marks;

(3) stop using the Marks and the System and return to Franchisor all copies of The Studio and all other proprietary information, including, without limitation, client lists;

(4) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, home pages, domain and subdomain names, web sites and the like that are associated with the Jazzercise Dance Fitness Program and cooperate with Franchisor

in causing all applicable telephone companies and other service providers to reassign such numbers and addresses to Franchisor or its nominee including, without limitation, signing telephone transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement;

(5) return to Franchisor or its authorized agent, destroy or permanently delete all program materials, brochures, leases, enrollment records, mailing lists, lists of customers and any and all documentation in his or her possession accumulated or maintained during the term of this Agreement other than Franchisee's personal income tax information and returns;

(6) refrain from soliciting clients or personnel of the Jazercise Dance Fitness Program, and turn over all client information and data to Franchisor;

(7) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks;

(8) refrain from making any disparaging comments regarding Franchisor;

(9) take such steps as are necessary to change the décor, signage, flooring, fixtures, furniture and equipment and other elements of décor and Trade Dress so that the premises no longer resemble the Jazercise Dance Fitness Program;

(10) assist Franchisor, at Franchisor's option, in retaining the use of any leases on the same facilities used by Franchisee prior to the termination of this Agreement;

(11) assist Franchisor or its franchisees in bringing about a smooth transition of the classes and customers of Franchisee (including without limitation reimbursing customers for fees they have paid for classes that Franchisee has not given) allowing such Franchisor representative or franchisees to attend existing classes to assist in this transition;

(12) obtain "tail" insurance coverage, which tail coverage shall extend the insurance policies required pursuant to Section 5 hereof for a minimum of four (4) years; and

(13) comply with all further requirements set forth on The Studio.

### **C. CONTINUING OBLIGATIONS**

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including without limitation, Sections 6, 11, 13 and 15, shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire.

## **14. ASSIGNMENT, TRANSFER AND ENCUMBRANCE**

### **A. BY FRANCHISOR**

This Agreement is fully transferable and assignable by Franchisor, in whole or in part, and shall inure to the benefit of any assignee, transferee or other legal successor to its interest herein.

### **B. BY FRANCHISEE**

(1) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee. Accordingly, Franchisee shall not transfer (as defined below) this Agreement or any interest therein except to another franchisee of Franchisor nor shall Franchisee transfer this Agreement without Franchisor's written consent and without offering Franchisor a right of first refusal. Any attempt at a transfer that violates the provisions of this Section shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement.

(2) If Franchisee assigns its right to operate the business to a corporation or other entity, the individually named Franchisee shall be the legal and beneficial owner of one hundred percent (100%) of the outstanding shares of the assignee corporation or other ownership interest of the assignee entity, shall act as such corporation's or entity's principal officer and manager, and shall have the sole right to conduct the Jazzercise Dance Fitness Program. Any assignment of the business operated hereunder by Franchisee to a corporation or other entity shall be valid only upon the written consent of Franchisor; provided that Franchisee shall remain the franchisee under the Franchise Agreement and shall remain responsible individually for all terms, covenants and conditions as contained in the Franchise Agreement, including, without limitation, all obligations to pay amounts due hereunder; and further provided that the corporation or other entity agrees in writing to abide by all terms and conditions of the Franchise Agreement executed by Franchisee including the payment of all sums as they become due. Such transfer shall not be subject to Franchisor's right of first refusal; provided that Franchisee notifies Franchisor in advance of the transfer. Franchisee shall reimburse Franchisor for its expenses in documenting such a transfer. Notwithstanding the above, provided Franchisee retains the controlling interest of the assignee corporation or entity, it may transfer stock in such assignee corporation or ownership interest in such assignee entity to members of Franchisee's immediate family or to a trustee in trust for the same, provided the share certificates or other evidence of ownership contain a clause restricting their transfer as required by this Agreement.

(3) For purposes hereof, "**transfer**" means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Jazzercise Dance Fitness Program. By way of example, "**transfer**" also

includes, in the event of Franchisee's death, a transfer to the surviving spouse, heirs, estate or other representative of Franchisee ("Survivor").

(4) Franchisor may require fulfillment of any or all of the following conditions precedent to the granting of consent to any transfer, including a sale and assignment of Franchisee's rights under this Agreement to a bona fide purchaser as hereinafter described, subject to Franchisor's right of first refusal:

- (a) there shall be no existing default in the performance of Franchisee's obligations under this Agreement or under any other agreement with Franchisor or any of its affiliates;
- (b) the physical premises of the Jazercise Dance Fitness Program shall be in complete compliance with Franchisor's then-current standards;
- (c) if required, the lessor of the premises of the Jazercise Dance Fitness Program has consented to Franchisee's sublease or transfer of the lease or sublease for the premises to the proposed transferee;
- (d) the proposed transferee shall be qualified according to Franchisor's then-current standards for new franchisees, and shall have successfully completed Franchisor's Initial Training Program and all training in cardiovascular pulmonary resuscitation recommended by the American Heart Association or the American Red Cross;
- (e) Franchisor must grant its approval of assignee's character, personality and such other standards as are currently employed by Franchisor in the appointment of new franchisees;
- (f) the proposed transferee shall have executed Franchisor's then-current standard franchise agreement for a term of years equal to the remaining term of this Agreement, the proposed transferee shall have executed all ancillary agreements then required by Franchisor and all holders of an equity interest in the proposed transferee (if an entity) shall have executed Franchisor's then-current form of guaranty;
- (g) Franchisee shall have executed and delivered a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents and representatives;
- (h) any obligations of the transferee to Franchisee shall be subrogated to the transferee's obligations to Franchisor under the franchise agreement it enters into with Franchisor;
- (i) Franchisee must transfer this Agreement together with all other agreements it has entered into with Franchisor and all rights thereunder to the transferee;

- (j) the transferee and its personnel must have all necessary licenses; and
- (k) the transferee is not: (i) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business ("**Specially Designated National or Blocked Person**") or a person in which a Specially Designated National or Blocked Person has an interest.

(5) Class Transfer. In the event Franchisee does not intend to sell his or her entire franchise, but wishes to transfer one or more of Franchisee's classes, then, after providing written notice to Franchisee's sales manager:

- (a) Franchisee may sell, assign or give any such class to an existing franchisee in the Geographic Area;
- (b) Should Franchisee elect not to transfer the class without receiving consideration, then Franchisee shall have the right to negotiate his or her price and terms for the sale of the class, and
- (c) Franchisee shall report to Franchisor facility information, Gross Customer Enrollment Fees of the class, sale price of the class, total sale price and the terms and conditions of the sale.

(6) Except as expressly set forth in this Section, Franchisee shall not sell, assign, transfer, nor encumber this Agreement or any rights or interest herein or hereunder, directly or indirectly, nor suffer or permit any such assignment, transfer or encumbrance to occur by operation of law without obtaining the prior written consent of Franchisor. The assignment of any interest, other than as provided in this article, shall constitute a material breach of this Franchise Agreement and shall entitle Franchisor to immediately terminate this Agreement and any and all rights granted hereunder. Notwithstanding anything to the contrary in this Agreement, no transfer by Franchisee shall be made to (a) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a Specially Designated National or Blocked Person or to a person in which a Specially Designated National or Blocked Person has an interest.

(7) Franchisor's consent to any transfer shall not constitute a waiver of any claim that Franchisor may have against Franchisee or its owner(s), or of Franchisor's right to demand strict compliance with this Agreement.

(8) No interest in this Agreement or the Jazzercise Dance Fitness Program shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a transfer, or otherwise.

### C. **RIGHT OF FIRST REFUSAL**

Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer. Within twenty (20) days of receipt of the complete information and documents by Franchisee, Franchisor will inform Franchisee: (1) whether it or its nominee will exercise its right of first refusal; and (2) if not, whether it will consent to the transfer. In the event that Franchisor notifies Franchisee that it or its nominee will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents which embodied the proposed transfer. Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the transfer (e.g., employment agreements in favor of individuals, and brokers or finders fees to be paid by the proposed transferee to Franchisee or to any principal of Franchisee). Moreover, Franchisor or its nominee shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer. If Franchisor elects not to exercise its right of first refusal and consents to the proposed transferee, Franchisee may consummate the proposed transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor.

### D. **DEATH OR DISABILITY**

(1) **Death.** If Franchisee dies or is permanently disabled in a manner that prohibits operation of the Jazzercise Dance Fitness Program, the Survivor shall, within ninety (90) days of such death or determination of permanent disability, either meet all of the qualifications required of franchisees or shall transfer this Agreement in accordance with the requirements of this Section. This right shall be conditioned upon the following:

- (a) Franchisee's estate securing an associate franchisee to conduct Franchisee's classes until the sale is consummated. Franchisor shall assist Franchisee's estate in obtaining an associate franchisee but shall not be required to obtain one and the ultimate responsibility for securing an associate franchisee shall belong to Franchisee's estate;
- (b) Franchisee's representative must deliver to Franchisor a bona fide offer in writing to sell the franchise within the ninety (90) day period;
- (c) Franchisee must be current in the payment of all sums due Franchisor under this Agreement and all other agreements, if any, between Franchisor and Franchisee, and in the rendering of all accountings as required; and

(d) In the event the franchise is not sold within the ninety (90) day period, any and all rights pursuant to this Franchise Agreement shall automatically terminate. Franchisor shall have the right to appoint and license a new franchisee to conduct the Jazzercise Dance Fitness Program previously conducted by Franchisee in the same facilities and locations, without compensation to Franchisee's personal representatives, estate, heirs, beneficiaries or assigns.

(2) Disability. In the event Franchisee becomes disabled, as certified by a physician, Franchisee shall retain this franchise provided Franchisee secures an associate instructor acceptable to Franchisor to conduct his or her classes during the period of disability. Franchisee may request a leave of absence for at least four (4) weeks but less than twenty-four (24) weeks if, after using his or her best efforts, Franchisee has not been able to engage an associate instructor. Franchisor, in its sole discretion, will consider whether Franchisee meets Franchisor's then-current criteria for a leave of absence, including without limitation, the obligation to have paid in full all amounts required hereunder. During any leave of absence, Franchisee must continue to comply with the provisions of this Agreement, including without limitation, the obligation to obtain all required cardiovascular pulmonary resuscitation training and insurance coverage and the obligation to pay Continuing Fees. In the event Franchisee's disability extends beyond twenty-four (24) weeks and Franchisee has not secured an associate instructor acceptable to Franchisor, then Franchisor shall have the right to terminate this Agreement and to appoint and license a new franchisee to conduct the Jazzercise Dance Fitness Program previously conducted by Franchisee in the same facilities and locations, without compensation to Franchisee.

## **15. INDEMNIFICATION OF FRANCHISOR**

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents, representatives and assignees harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the Jazzercise Dance Fitness Program, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement. For purposes of this indemnification, "**claims**" means and includes all obligations, actual and consequential damages, losses, claims, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants', attorney's and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses). Franchisor shall have the right to defend any such claim against it with counsel of its own choosing. Franchisee shall have no right to settle or refuse to settle any claim; Franchisor shall retain all right to do so. In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor.

## **16. MISCELLANEOUS**

### **A. FORCE MAJEURE**

In the event of a natural disaster such as an earthquake, flood, hurricane or fire or a strike, lockout or labor controversy or the happening of any extraordinary event beyond the control of one of the parties which results in the inability of that party to operate or to provide the services contemplated by this Agreement, the obligation on the part of that party to operate or to provide such services shall be postponed during the period when such party is unable to do so; provided, however, that this provision shall not affect a party's obligation to make payments required by this Agreement; and provided, further, that in no event shall such postponement last longer than six (6) months.

### **B. GRAMMAR**

The masculine of any pronoun will include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires.

### **C. INTERPRETATION**

References in the Agreement to actions, rights, decisions or options to be exercised in Franchisor's discretion shall mean the sole, absolute and unfettered discretion of Franchisor. When calculating the date upon which or the time within which any act is to be done, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a business day, the period in question shall end on the next business day. The terms of this Agreement shall not be interpreted or construed in favor of or against any party on the ground that one party was the draftsman hereof.

### **D. SECTION HEADINGS**

Section headings are for convenience of reference only and should not be construed as part of this Agreement nor should they limit or define the meaning of any provision herein.

### **E. NONWAIVER**

No failure by either party to take action on account of any default of the other party, whether in a single instance or repeatedly, and no course of dealing of the parties in variance with the terms hereof constitutes a waiver of any such default or of the performance required of either party by this Agreement. No express waiver by either party of any provision or performance hereunder or of any default by the other party constitutes a waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party. The parties may in their sole respective discretion elect from time to time to waive obligations of one another under this Agreement upon such terms and

conditions as they may, in their sole respective discretion, set forth in such written waiver.

#### **F. NO EXEMPLARY DAMAGES**

Neither party to this Agreement shall assert against the other party any claim for special, exemplary or punitive damages arising out of the Franchisor-Franchisee relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Jazercise Dance Fitness Program.

#### **G. INVALIDITY AND SEVERABILITY**

If any provision or portion of a provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision or portion thereof shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or to be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision or portion thereof had been included herein as so modified in scope or application, or had not been included herein, as the case may be, it being the stated intention of the parties that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or portions thereof, or including such provisions or portions thereof only to the maximum scope and application permitted by law, as the case may be. In the event such total or partial invalidity or unenforceability of any provision or portion thereof of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section will operate upon such provision or portion thereof only to the extent that the laws of such jurisdiction are applicable.

#### **H. NOTICES**

Any notice or demand given or made pursuant to the terms of this Agreement will be made in writing and delivered by personal service, facsimile, e-mail, overnight delivery, or first class, registered or certified mail (postage prepaid) to such address as may be designated from time to time by the relevant party, and which will initially be as set forth as follows:

If given to Franchisor:

Jazercise, Inc.  
2460 Impala Drive  
Carlsbad, CA 92010  
Telephone: (760) 602-7142  
Facsimile: (760) 602-7180  
Attn: Sally Baldridge  
Email: [sbaldridge@jazercise.com](mailto:sbaldridge@jazercise.com)

If given to Franchisee:

As listed in The Studio

Any notice sent by certified mail will be deemed to have been given three (3) days after the date on which it is mailed. All other notices will be deemed given when sent if sent by facsimile or e-mail or personal delivery, and one (1) business day after being sent by overnight mail. No objection may be made to the manner of delivery of any notice actually received in writing by an authorized agent of a party.

**I. ENTIRE AGREEMENT; MODIFICATION**

This Agreement, any documents executed contemporaneously herewith which expressly reference this Agreement and any documents referred to herein constitute and contain the entire Agreement and understanding of the parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to herein; provided, however, that nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document furnished to Franchisee. This Agreement supersedes and extinguishes any prior written agreement between the parties or any of them relating to the subject matter hereof, provided that it shall not abrogate, impair, release or extinguish any debt, obligation or liability otherwise existing between the parties. This Agreement may not be modified or amended except by a written amendment executed by both parties.

**J. CONTROLLING LAW; DISPUTE RESOLUTION; ATTORNEYS' FEES AND EQUITABLE RELIEF**

(1) This Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof, shall be governed by the laws of California without giving effect to its provision regarding choice of laws; provided, however, that the Lanham Act (15 U.S.C. 1051 et seq.) shall also apply to the provisions concerning the Marks. Nothing in this Section is intended, or shall be deemed, to make the California Franchise Investment Law or the California Franchise Relations Act or any other law apply to this Agreement, or the transactions or relationships contemplated hereby, if such law would not otherwise be applicable.

(2) Except as provided in subsection (5) below, upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof, excluding disputes relating to non-curable defaults and quality control defaults, (in each case, a "**Dispute**"), the Dispute shall first be submitted to mediation on an expedited, administered by the American Arbitration Association ("AAA") in the city in which Franchisor's headquarters is then located, for mediation in accordance with its commercial rules and procedures which are in effect at the time the mediation is filed. The party seeking mediation must submit the following in addition to any demand or filing required by AAA: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged

by the complaining party and a declaration under penalty of perjury that all facts stated in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the dispute. Either party may commence mediation by providing to AAA and the other party a written request for mediation, setting forth the subject of the Dispute and the relief requested, with the expectation that the first mediation session shall occur within thirty (30) days of such written request. The parties will cooperate with AAA and with one another in selecting a neutral mediator from the AAA panel of neutrals and in scheduling the mediation proceedings. The mediator must be a retired judge or an attorney experienced in commercial transactions. If the parties are unable to select the mediator within ten (10) business days after receipt of the mediation notice by AAA, then AAA shall designate the mediator. The parties covenant that they will (i) participate in the mediation in good faith, (ii) share equally in the costs of the mediator and AAA administrative costs, and (iii) pay in advance the estimated fees and costs of the mediation, as may be specified in advance by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their respective agents, employees, experts and attorneys, and by the mediator and any AAA employees, are confidential, privileged and inadmissible for any purpose, including without limitation, impeachment, in any reference, arbitration, litigation or other proceeding involving the parties; provided, however, that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. In the event it is necessary, any party may file a motion in a court of competent jurisdiction to compel the other party to participate in the mediation and the prevailing party shall be awarded its costs and expenses, including reasonable attorney's fees in connection with such motion. If the Dispute is not resolved within ten (10) business days after the first mediation session, either party may (a) give written notice to AAA and the other party that the mediation is terminated and (b) submit any remaining Disputes to binding arbitration pursuant to subsection 16J(3) below.

(3) If the parties are unable to resolve the Dispute pursuant to subsection 16J(2) above, then the parties may submit the Dispute to final and binding arbitration in, the city in which Franchisor's headquarters is then located, administered by AAA, or its successor, in accordance with the rules and procedures of AAA then in effect. Any party may commence the arbitration process by filing a written demand for arbitration with AAA, with a copy to the other party. The party seeking arbitration must submit the following in addition to any demand or filing required by AAA: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney who is experienced in commercial transactions. If the parties are unable to agree on an arbitrator, AAA shall designate the arbitrator. The parties will cooperate with AAA and with one another in selecting the

arbitrator and in scheduling the arbitration proceedings in accordance with applicable AAA procedures. Any award issued as a result of such arbitration shall be final and binding and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a jury.

(4) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others. Therefore, the parties agree that any arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff, consolidated or similar basis.

(5) The prevailing party in any legal proceeding will be entitled to recover as an element of such party's cost of arbitration, suit or proceeding, and not as damages, reasonable attorney's fees to be fixed by the arbitrator or by the court. Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of One Hundred Dollars (\$100.00) shall be sufficient bond), in connection with the Marks, Trade Dress, Proprietary Information or Trade Secrets. The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including without limitation, during the pendency of an arbitration or other proceeding. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which such party may have.

## **K. RELATIONSHIP OF PARTIES**

(1) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate. With respect to all matters pertaining to the operation of the business conducted hereunder, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts.

(2) It is acknowledged that Franchisee is the independent owner of its business, shall be in full control thereof, and shall conduct such business in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself as the independent owner of its business and as a franchisee of Franchisor. No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. Neither party shall have liability for any sale,

use, excise, income, property or other tax levied upon the business conducted by the other party or in connection with the services performed or business conducted by it or any expenses incurred by it.

(3) Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

#### **L. COMPLIANCE WITH LOCAL LAW**

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such law or rule.

#### **M. SPOUSAL ACKNOWLEDGEMENT**

Franchisee's spouse shall execute a spousal acknowledgement in the form attached hereto as **Exhibit "B"**.

#### **N. STATUTE OF LIMITATIONS**

The parties hereby acknowledge and agree that any suit, action or other proceeding relating to this Agreement must be brought within one (1) year after the occurrence of the act or omission that is the subject of the suit, action or other legal proceeding.

#### **O. REPRESENTATIONS AND WARRANTIES**

(1) Franchisee represents and warrants to Franchisor that neither Franchisee nor any of its affiliates or the funding sources for either is a Specially Designated National or Blocked Person. Neither Franchisee nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government. Neither Franchisee nor any of its affiliates is acting on behalf of a government of any country that is subject to such an embargo.

Franchisee further represents and warrants that it is in compliance with any applicable anti-money laundering law, including, without limitation, the USA Patriot Act.

(2) Franchisee represents and warrants to Franchisor that execution and delivery of this Agreement and the performance of Franchisee's obligations hereunder, does not: (i) conflict with, violate, result in a breach of or constitute a default (or an event which, with notice or passage of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation of, any other agreement to which Franchisee is party or by which Franchisee, or any of its assets may be bound; (ii) violate any order, writ, injunction, decree, judgment or ruling of any court or governmental authority; or (iii) violate any applicable law.

(3) Franchisee represents and warrants to Franchisor that Franchisee has received a copy of the form of this Agreement and the Franchise Disclosure Document at least fourteen (14) days before signing this Agreement and has had ample opportunity to consult with his or her attorney and other advisors with respect thereto, review the business of Franchisor, review and understand the terms and conditions of this Agreement, and investigate the nature of Franchisee's anticipated business. In addition, Franchisee is currently a Jazzercise franchisee or has had an opportunity to contact existing Jazzercise franchisees.

(4) Franchisee represents and warrants to Franchisor that Franchisee is a U.S. citizen or is otherwise authorized under U.S. law to work in the United States.

(5) Franchisee agrees that it will notify Franchisor in writing immediately upon the occurrence of any event that would render the foregoing representations and warranties of this Section incorrect.

## **17. ACKNOWLEDGMENTS**

Franchisee acknowledges and represents the following to Franchisor to induce it to enter into this Agreement:

**A. THE EFFECTIVENESS OF THIS AGREEMENT IS DEPENDENT UPON FRANCHISEE SUCCESSFULLY COMPLETING THE INITIAL TRAINING PROGRAM AND BECOMING CERTIFIED AND MAINTAINING CERTIFICATION AS A JAZZERCISE INSTRUCTOR. SHOULD FRANCHISEE FAIL TO BECOME CERTIFIED FOR FAILURE TO COMPLETE THE INITIAL TRAINING PROGRAM TO FRANCHISOR'S SATISFACTION, FRANCHISOR MAY TERMINATE THIS AGREEMENT;**

**B. FRANCHISEE HAS READ THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT AND ALL OTHER RELATED AGREEMENTS AND DOCUMENTS AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLY NECESSARY TO MAINTAIN THE SYSTEM'S HIGH STANDARDS OF QUALITY AND SERVICE AND THE UNIFORMITY OF THOSE HIGH STANDARDS BY ALL FRANCHISEES IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF**

THE MARKS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS REPRESENTATIVES HAVE FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF SUCH DOCUMENTS TO THE SATISFACTION OF FRANCHISEE;

C. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE RECOGNIZES THAT THE NATURE OF THE BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT AN INVESTMENT IN THE BUSINESS INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON FRANCHISEE'S INDIVIDUAL AND INDEPENDENT BUSINESS ABILITY AND EFFORTS. FRANCHISEE UNDERSTANDS THAT THE JAZZERCISE DANCE FITNESS PROGRAM IS A CONCEPT THAT ENTAILS BUSINESS RISKS. FRANCHISEE HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS OF FRANCHISEE'S CHOOSING AS FRANCHISEE DEEMS NECESSARY, INCLUDING LEGAL COUNSEL, REGARDING ALL ASPECTS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, ALL RELATED AGREEMENTS AND THE BUSINESS RELATIONSHIP CREATED THEREBY, AND TO DETERMINE THAT FRANCHISEE IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE;

D. FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTY OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE POTENTIAL VOLUME, REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT;

E. FRANCHISEE IS AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY;

F. NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY FRANCHISOR, OR BY ITS OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS OR OTHER REPRESENTATIVES, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT HERETOFORE RECEIVED BY FRANCHISEE OR TO THE TERMS CONTAINED IN THIS AGREEMENT, AND FRANCHISEE HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS;

G. IN ALL OF THEIR DEALINGS WITH FRANCHISEE, THE OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS AND REPRESENTATIVES OF FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY, NOT IN AN INDIVIDUAL CAPACITY, AND THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR;

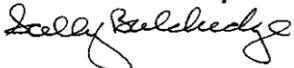
H. FRANCHISEE ACKNOWLEDGES THAT IN EACH CASE IN WHICH FRANCHISOR MAY EXERCISE ANY OPTION OR OTHER RIGHT UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT CONTEMPLATED HEREBY, FRANCHISOR MAY DO SO IN ITS SOLE DISCRETION, WITHOUT LIABILITY OR OTHER OBLIGATION. SO AS TO PRESERVE THE FLEXIBILITY TO DEAL WITH PRACTICAL SITUATIONS, FRANCHISOR MAY, IN ITS SOLE DISCRETION, ELECT TO NOT ENFORCE (OR TO SELECTIVELY ENFORCE) ANY PROVISION OF THIS AGREEMENT, OR ANY OTHER AGREEMENT, ANY POLICY OR OTHERWISE, WHETHER WITH RESPECT TO FRANCHISEE OR ANY OTHER FRANCHISEE OR OTHERWISE, AND FRANCHISOR MAY APPLY DIFFERENT POLICIES TO ANY FRANCHISEE, ALL WITHOUT LIABILITY OR OTHER OBLIGATION, AND ANY SUCH ACTS OR OMISSIONS WILL NOT LIMIT OR OTHERWISE AFFECT FRANCHISOR'S RIGHTS, WHETHER TO ENFORCE THIS AGREEMENT STRICTLY OR OTHERWISE; AND

I. THE APPLICATION MADE BY FRANCHISEE IS TRUE AND CORRECT. FRANCHISEE HAS MADE NO INCORRECT STATEMENT IN THE APPLICATION OR FAILED TO MAKE ANY STATEMENT THAT WOULD BE NECESSARY TO MAKE THE STATEMENTS IN THE APPLICATION NOT MISLEADING.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated on the first page hereof.

**Franchisor:**

**JAZZERCISE, INC.,**  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary

**Franchisee:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

EXHIBIT A  
GEOGRAPHIC AREA

Description: \_\_\_\_\_

EXHIBIT B  
SPOUSAL ACKNOWLEDGEMENT

The undersigned each being the spouse of a Franchisee hereby states

- 1) That he or she has read and understands the Franchise Agreement and the Franchise Disclosure Document; and
- 2) That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer; and
- 3) That he or she consents to execution of the Franchise Agreement by Franchisee.

Dated:\_\_\_\_\_

Signature:\_\_\_\_\_

Print Name:\_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF ILLINOIS**

1. The following language is added to Subparagraph 15J(1) of the Franchise Agreement for Associates and Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners:

"Provided, however, that the provisions of the Illinois Franchise Disclosure Act will govern franchises located in the State of Illinois. Section 41 of the Illinois Franchise Disclosure Act states that `any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this state is void.'"

2. The following language is added to Subparagraph 15J(3) of the Franchise Agreement for Associates and Subparagraph 16J(3) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners:

"The parties acknowledge that Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois."

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MARYLAND**

1. The following provisions are hereby added to Subparagraphs 1E(2)(e) and 14B(4)(g) of the Franchise Agreement for Class Owners, Subparagraph 14B(4)(g) of the Franchise Agreement for Business Owners and Subparagraphs 1D(2)(d) and 13B(4)(e) of the Franchise Agreement for Associates:

"The general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following sentence is hereby added to Paragraph 16J of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Paragraph 15J of the Franchise Agreement for Associates:

"Nothing in this paragraph shall prohibit a franchisee in Maryland from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that any claims arising such law shall be brought within three (3) years after the grant of a franchise."

3. The following sentence is hereby added to Paragraph 16O of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners, and to Paragraph 15N of the Franchise Agreement for Associates:

"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law. These representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

Dated: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Instructor No: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NEW YORK**

The following language is added to Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Subparagraph 15J(1) of the Franchise Agreement for Associates:

“However, this choice of law should not be considered a waiver of any rights conferred by the provisions of Article 33 of the New York State General Business Law.”

The provisions of this Addendum only apply if the jurisdictional requirements of the New York Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NORTH DAKOTA**

1. Subparagraph 1E(2)(e) of the Franchise Agreement for Class Owners and Subparagraph 1D(2)(d) of the Franchise Agreement for Associates are deleted.
2. The following language is added to Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Subparagraph 15J(1) of the Franchise Agreement for Associates:

“Provided, however, that in the event there is a conflict between California law and North Dakota Law, then North Dakota Law will prevail.”
3. The first sentence of Subparagraph 16J(3) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and of Subparagraph 15J(3) of the Franchise Agreement for Associates is deleted and replaced with the following:

“If the parties are unable to resolve the Dispute pursuant to subparagraph (2) above, then the parties may submit the Dispute to final and binding arbitration. The arbitration shall take place at a location agreeable to the parties and may not be remote from Franchisee's place of business. If the parties cannot agree on a location, the site of the arbitration shall be determined by the rules of the American Arbitration Association.”

The provisions of this Addendum only apply if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

Dated: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

FRANCHISEE:

By: 

By: \_\_\_\_\_

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

# **EXHIBIT E**

**JAZZERCISE, INC.**

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**FRANCHISE AGREEMENT**

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Exhibits

Exhibit A      Geographic Area

## JAZZERCISE, INC.

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### FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into on \_\_\_\_\_, by and between JAZZERCISE, INC., a California corporation ("Franchisor"), and \_\_\_\_\_, an individual ("Franchisee"), with reference to the following facts:

A. Franchisor has the right to operate and grant to others the right to operate a Jazzercise dance fitness program consisting of choreographed and copyrighted exercise routines set to music, in accordance with certain proprietary practices and procedures ("Proprietary Information") that are part of a system relating to the establishment, development, operation and management of the Jazzercise dance fitness program ("System");

B. Franchisor has the right to use and license the use of the trademarks, tradenames, service marks, designs, emblems, logos, slogans, copyrights, Trade Dress, Trade Secrets (as defined below), commercial symbols and other indicia it designates, now or hereafter used or intended to be used or hereafter used in connection with the System, and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body including, without limitation, the name "Jazzercise" and related design logos ("Marks"); and

C. Franchisor licenses the right to use the System and the Marks in the management of a dance fitness program in which Franchisee teaches Jazzercise dance fitness classes for other franchisees who own the classes ("Jazzercise Dance Fitness Program"). Franchisee desires to obtain a license to use the Marks and System in the operation of a Jazzercise Dance Fitness Program, and Franchisor is willing to grant Franchisee a license upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

#### 1. **GRANT OF RIGHTS**

##### A. **NON-EXCLUSIVE LICENSE**

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks and the System solely in the operation of the Jazzercise Dance Fitness Program at one (1) or

more locations to be determined pursuant to the terms and conditions of this Agreement within the geographic area described in **Exhibit “A”** attached hereto (“**Geographic Area**”). Franchisee acknowledges and agrees that Franchisee does not have any territorial or exclusive rights whatsoever with regards to the Geographic Area and that there will be other franchisees operating the Jazzercise Dance Fitness Program in the Geographic Area. The parties agree and acknowledge that Franchisee shall be responsible for, and have complete authority, responsibility, supervision and control over, the provision of all services in connection with the Jazzercise Dance Fitness Program.

## **B. STATUS**

Franchisee is an associate under this Agreement which means that Franchisee may only teach Jazzercise classes for other franchisees who own the classes and Franchisee may teach these classes on a short or long-term basis. Associates may teach short-term Junior Jazzercise and Personal Touch classes with Franchisor's prior written consent. In the event Franchisee chooses to change his or her status, including, but not limited to, class owner or business owner, Franchisee shall obtain Franchisor's prior written consent. Franchisee understands and acknowledges that there may be conditions to Franchisor's granting such consent including, without limitation, that there must be a sufficient number of potential customers to warrant additional classes in the Geographic Area.

## **C. FRANCHISOR'S RESERVATION OF RIGHTS**

Franchisee acknowledges that this Agreement does not restrict Franchisor or its affiliates from conducting businesses using marks or commercial symbols different from the Marks at any location, nor does it preclude them from using the Marks or licensing the right to others to use the Marks at any location whatsoever. Franchisor reserves all rights not specifically granted to Franchisee under this Agreement. In particular, and not in limitation of the foregoing, Franchisor reserves the right to conduct all commerce over the Internet and other means of electronic commerce as may in the future be developed, and Franchisee has no right to do so except as may be specifically permitted hereunder.

## **D. TERM AND RENEWAL**

(1) Term. The term of this Agreement shall begin on the date it is executed by Franchisor and shall continue for five (5) years, subject to earlier termination as provided herein.

(2) Option to Renew. Subject to compliance with each and every one of the conditions set forth below, Franchisee shall have the option to renew the right to operate the Jazzercise Dance Fitness Program for one (1) additional, consecutive period of five (5) years, unless this Agreement is signed in connection with a renewal term or is entered into because Franchisee is moving to a different state:

(i) Franchisee must sign Franchisor's then-current form of Franchise Agreement which may contain terms that are materially different from those set forth in this Agreement; and

(ii) Franchisee must be in full compliance with this Agreement, and all other contracts between Franchisee and Franchisor and its affiliates, and in particular, must have paid all sums owing to Franchisor and its affiliates as and when due; and

(iii) Franchisee must attend training if requested by Franchisor, perform the current routines, and complete re-training to Franchisor's satisfaction; and

(iv) Franchisee shall execute and deliver a general release in a form acceptable to Franchisor of any and all claims against Franchisor, and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents and representatives; and

(v) Franchisee shall not have received three (3) or more notices of default during any twenty-four (24) month period during the initial term or preceding renewal term, as applicable; and

(vi) Franchisor must not have decided to withdraw from the Geographic Area; and

(vii) Franchisee shall have attended all meetings and training sessions required by Franchisor during each year of the preceding term; and

(viii) Franchisee shall not have failed to utilize Franchisor's then-current names and logos as required by Franchisor from time to time.

Franchisee shall notify Franchisor no later than one hundred twenty (120) days prior to the expiration of the term of this Agreement if Franchisee wishes to enter into a new Franchise Agreement with Franchisor at the expiration of the term. Franchisee shall have no right to enter into a new agreement with Franchisor if Franchisee fails to do so or if Franchisee fails to comply with each of the conditions set forth above in a timely manner or if Franchisee fails to return to Franchisor any documents within twenty (20) days after Franchisor has delivered them to Franchisee.

(3) Option Not to Renew. Notwithstanding the foregoing, Franchisor shall have the right to refuse to renew this Agreement. Franchisor may exercise this option by providing notice of its intention not to renew no later than one hundred twenty (120) days prior to the expiration of the initial term of this Agreement, subject to any longer periods of notice that may be required by applicable law, provided that Franchisor may provide less than one hundred twenty (120) days' notice if the Franchisee is in breach of this Agreement within the one hundred twenty (120) day period and at the time of the renewal. Such notice shall state the effective date of the non-renewal or expiration of this Agreement and state Franchisor's reasons for the refusal to renew.

(4) Time to Renew. If applicable law requires that longer periods of notice be given than those described above, this Agreement will remain in effect on a month-to-month basis until the notice required by applicable law has been given.

## **2. COMMENCEMENT OF BUSINESS**

### **A. CONDITIONS FOR COMMENCEMENT**

Franchisee shall not begin operating the Jazzercise Dance Fitness Program until Franchisor has given its consent in writing. Franchisee shall satisfy Franchisor's conditions, including without limitation, the completion of the Initial Training Program, as defined below, to Franchisor's satisfaction.

### **B. OPENING SCHEDULE REQUIREMENTS**

Franchisee must teach Franchisee's first class within thirty (30) days after becoming certified by Franchisor.

## **3. INITIAL TRAINING AND OPERATING ASSISTANCE**

### **A. TRAINING**

(1) Franchisor shall furnish to Franchisee its instructor certification program during such period as Franchisor designates ("Initial Training Program"). The Initial Training Program consists of training materials that are sent to Franchisee, followed by a one (1) day training conducted at selected locations throughout the country. All or part of the Initial Training Program may be conducted remotely online. The Initial Training Program shall include instruction and training in physiology and fitness, choreographed routines, business procedures, and the conduct of Jazzercise classes. Franchisee must complete the Initial Training Program within six (6) months after the date hereof to the sole satisfaction of Franchisor prior to conducting any class.

(2) Franchisor shall have the right, during the Initial Training Program, to further evaluate Franchisee's fitness to operate under this Agreement. Franchisee shall not be permitted to conduct the Jazzercise Dance Fitness Program until Franchisee has completed the Initial Training Program to Franchisor's satisfaction. In the event Franchisee fails to complete the Initial Training Program to Franchisor's satisfaction within six (6) months after execution of this Agreement, Franchisor shall have the right to terminate this Agreement.

(3) Franchisee shall not be charged an additional fee for the Initial Training Program.

(4) Franchisor may require Franchisee to attend refresher and additional training courses for up to five (5) days per year. Franchisor may also require Franchisee to attend additional training if Franchisor deems it necessary or appropriate. Franchisee agrees and acknowledges that Franchisor may designate the location for such training.

(5) Franchisee agrees and acknowledges that Franchisee shall be responsible either directly to Franchisor or to a representative of Franchisor to whom Franchisee shall report and Franchisee shall attend all Franchisor meetings and attend and complete to Franchisor's satisfaction all training sessions as Franchisor may request.

(6) Franchisee shall be responsible for all travel and living expenses, if any, that Franchisee may incur in connection with the Initial Training Program or refresher or additional training and in attending national meetings or conventions.

## B. ADDITIONAL INITIAL OPERATING ASSISTANCE

Franchisor shall provide the following additional initial assistance:

(1) The rendering of instruction and assistance in Jazzercise business accounting, record keeping and the general operation of Franchisee's business; and

(2) The production and dissemination of teaching materials, routines, policies, guidelines and forms necessary to aid Franchisee in operating Franchisee's business. Franchisee acknowledges that Franchisor disseminates information including policies and other materials solely via The Studio, as defined below, and as of the date of this Agreement, such materials are only available via The Studio.

## C. THE STUDIO

Franchisor will provide to Franchisee for use during the term of this Agreement access to Franchisor's proprietary franchise portal that provides operating policies and procedures, announcements, ongoing training, marketing materials, a forum for franchisee discussions and a learning management system, and is available electronically on the portion of Franchisor's website designated for franchisees ("The Studio"). Franchisee shall comply with all such specifications, standards, operating procedures and rules prescribed from time to time on The Studio, or otherwise communicated to Franchisee in writing. The Studio shall be kept confidential by Franchisee. Franchisee will not at any time copy any part of The Studio, disclose any information contained in it to others or permit others access to them. Franchisee acknowledges and agrees that The Studio may be modified from time to time or replaced to change the content and to reflect changes in the standards of authorized services or the System, including, without limitation, modification of the name of The Studio. All modifications to The Studio shall be binding upon Franchisee upon being uploaded to Franchisor's website. Franchisee agrees to accept, implement and adopt any such modifications at Franchisee's own cost. The Studio will contain proprietary information belonging to Franchisor and Franchisee acknowledges that The Studio is, and shall remain, the property of Franchisor. Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System establish and maintain a common identity. Franchisee agrees and acknowledges that full compliance with each and every detail of the System and The Studio is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks and that failure of Franchisee to operate the Jazzercise Dance Fitness Program in accordance with the System and The Studio can cause damage to all of the other parties described above, as well as to Franchisee.

#### **D. PERIODIC ADVICE AND CONSULTATION**

Franchisor currently provides the following additional and on-going services:

- (1) The ongoing production of new choreographed routines for distribution to and use by Franchisee at no charge to Franchisee; Franchisor may provide choreographed routines by streaming video or by any other medium (e.g., digital recording, Internet or other electronic transmission). Franchisor currently makes routine choreography notes on The Studio available to franchisees for online access, download and printing. Franchisee acknowledges and agrees that Franchisor may in the future charge for delivery of new routine choreography. During any period in which Franchisee is in breach of this Agreement, Franchisor may suspend delivery of new choreographed routines;
- (2) The continuous training and support of Franchisee education of choreography and operation of Franchisee's business including the maintenance and updating of The Studio to assist Franchisee in operation of the Jazzercise Dance Fitness Program;
- (3) The rendering of accounting services to aid Franchisee in preparing accountings and reports and for the purpose of maintaining statistical information for the use and benefit of Franchisor and Franchisee;
- (4) Taking all action Franchisor deems necessary to further and protect the trademarks, trade names, service marks and goodwill of Franchisor's name;
- (5) Conduct public relation activities and promotion of the Jazzercise Dance Fitness Program in Franchisor's discretion through various media which may include, without limitation, newspapers, magazines, public appearances, celebrations, benefits and other special events, both nationally and regionally; Franchisee agrees and acknowledges that all national appearances must be coordinated through Franchisor, and that Franchisee is not permitted to represent Franchisor or make appearances on behalf of Franchisor at a regional or national level without Franchisor's prior written consent;
- (6) The rendering of assistance, advice, rehearsals, critiques and guidance in securing and preparing demonstrations, celebrations, public performances and other appearances;
- (7) The rendering of assistance and instruction in contacting the media and organizations for promotional purposes; and
- (8) The rendering of assistance and training through our Franchisee & Customer Support or Training & Development departments in procedures and policy and generally servicing and assisting Franchisee.

#### **4. OPERATION BY FRANCHISEE**

##### **A. OBLIGATIONS OF FRANCHISEE**

Franchisee acknowledges and agrees:

(1) To comply strictly with the requirements and instructions of Franchisor regarding the use of trade names, service marks, trademarks, and copyrights in connection with the conduct of the Jazzercise Dance Fitness Program. Franchisee agrees to comply strictly with all requirements and policies as contained on The Studio, including but not limited to the requirement to purchase the following: audio player(s), microphone and such other equipment as may be necessary from time to time to receive transmissions from Franchisor; and the requirement that Franchisee successfully complete all training and refresher training in cardiovascular pulmonary resuscitation recommended by the American Heart Association or the American Red Cross. Franchisor may also provide Franchisee from time to time with other information and policies and procedures on subjects such as marketing, public relations and style presentation;

(2) To maintain a uniformity of operation in accordance with the Franchisor methods, consistent with all provisions of Franchisor's policy and procedures as set forth on The Studio, as may be changed from time to time. Franchisee will utilize the class structure and only those dance fitness routines and programs which have been choreographed and approved by Franchisor in order to maintain a uniform System;

(3) That Franchisee is required to teach a minimum number of classes per month, as set forth from time to time on The Studio;

(4) To conduct himself or herself in a professional manner, exhibiting the high standards expected by Franchisor and to exercise sound business judgment while a franchisee. Franchisee shall conduct himself or herself in a manner which does not demean the reputation enjoyed by Franchisor as a physically and mentally stimulating and healthy dance exercise program.

##### **B. CUSTOMER SERVICE**

Franchisee acknowledges and agrees to provide prompt, courteous, friendly and efficient service to all customers at all times. Franchisee shall in all dealings with all customers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees not to deviate from the standards, specifications and operating procedures set forth in this Agreement and The Studio in order to ensure uniformity and quality of services offered to the public under the Marks.

##### **C. PURCHASE OF PRODUCTS; APPROVED SUPPLIERS**

(1) Franchisee shall purchase any and all products, equipment, supplies and services bearing the Marks that are required or used in the operation of the Jazzercise Dance Fitness Program only from manufacturers, suppliers or distributors from time to

time designated in writing by Franchisor. Franchisee agrees and acknowledges that certain specially designed equipment, proprietary products, certain services and items used in the Jazercise Dance Fitness Program that are integral to the System may only be available from Franchisor or its designated supplier.

(2) Franchisee acknowledges and agrees that Franchisor may in the future require that Franchisee must first obtain Franchisor's approval of any products, equipment, supplies and services not bearing the Marks that are used in the operation of the Jazercise Dance Fitness Program and of the suppliers of such items.

(3) Franchisee shall purchase and use audio recordings for each song used with each routine demonstrated on the new routine tapes supplied to Franchisee by Franchisor as described in Section 3D(1) above. Franchisor shall have the right to contract with an independent company to service the sale and distribution of audio recordings. Franchisee shall have the option of acquiring them from the company under contract with Franchisor or from its own source.

#### **D. SPECIFICATIONS, STANDARDS AND PROCEDURES**

Franchisee acknowledges that each and every detail of the appearance, services offered, and other elements of trade dress in the operation of the Jazercise Dance Fitness Program ("Trade Dress") is important to Franchisor and the System. Franchisee shall comply with all mandatory specifications, standards and operating procedures relating to (i) the type and quality of the services offered by the Jazercise Dance Fitness Program; (ii) appearance of instructors; (iii) cleanliness, standards of services, and operation of the Jazercise Dance Fitness Program; and (iv) safety procedures and programs prescribed by Franchisor. Mandatory specifications, standards, and operating procedures may be prescribed from time to time by Franchisor on The Studio, or otherwise communicated to Franchisee in writing, including without limitation, procedures regarding handling customer complaints. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures.

#### **E. AUTHORITY TO CONDUCT BUSINESS**

Franchisee is the only person authorized to conduct the Jazercise Dance Fitness Program under this Agreement.

#### **F. SYSTEM CHANGES**

Franchisee acknowledges that the System must continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly variations and additions to the System may be required from time to time in order to preserve and enhance the public image of the System. Accordingly, Franchisee agrees that Franchisor may, from time to time, upon notice, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, changes reflecting Franchisor's adoption and use of new or modified Marks and services. Franchisee agrees promptly to accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense. Franchisee agrees

and acknowledges that if Franchisee develops any component of the System which Franchisor permits or adopts for use in the Jazzercise Dance Fitness Program, such component will belong to Franchisor and Franchisee shall have no right or interest in such component other than a license to use it as part of the System pursuant to this Agreement.

## **G. COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES**

(1) Prior to beginning operations, Franchisee shall secure in Franchisee's name as the owner of an independent business all required licenses, permits and certificates relating to Franchisee's operation of the Jazzercise Dance Fitness Program in the Geographic Area, including, without limitation, all permits and certificates relating to the Jazzercise Dance Fitness Program. Franchisee shall adhere to any applicable legal requirements regarding the operation of the Jazzercise Dance Fitness Program. Franchisee acknowledges that such licenses, certificates and permits may require the payment of security deposits and other fees. Franchisee shall maintain all such licenses, permits and certificates in full force and effect throughout the term of this Agreement.

(2) Franchisee shall operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access.

(3) Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee has violated any law or regulation, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications.

## **H. REGIONAL AND NATIONAL ACCOUNTS**

Franchisee acknowledges and agrees that Franchisor has the right to establish regional and national accounts for the provision of services related to the Jazzercise Dance Fitness Program. Franchisee agrees to provide services based on the terms of any such regional or national account agreements that Franchisor may enter into with third parties. Franchisee understands that such terms may include discounts on the rates for services Franchisee provides.

## **5. INSURANCE**

### **A. REQUIREMENTS**

Before beginning to operate the Jazzercise Dance Fitness Program, Franchisee must obtain and maintain all insurance coverage for the periods of coverage as required by Franchisor from an insurer or insurers that meet Franchisor's criteria under the terms of this Agreement and the policies and procedures on The Studio, as may be amended from time to time, and that have a minimum Best's Rating of A or other comparable rating. Such insurance shall include coverage insuring against all loss and liability arising out of

or in connection with the operation of the Jazzercise Dance Fitness Program, including, without limitation, comprehensive general liability insurance in the minimum amount of One Million Dollars (\$1,000,000.00), including personal injury, contractual liability, products and completed operations and professional liability coverage, and worker's compensation insurance, if applicable and if required by law, including but not limited to employer's liability, with limits as required by applicable laws. In the event of a claim under any such policy, the deductible amount shall be the responsibility of Franchisee. Franchisee shall cause Franchisor and any of its affiliates that Franchisor specifies to be named as additional insureds under all such policies. Such insurance shall be underwritten by a reputable insurance carrier approved by Franchisor. Franchisee shall further cause Franchisee's insurance agent to copy Franchisor on all insurance policies related to the Jazzercise Dance Fitness Program and written and issued on behalf of Franchisee. In addition, all such policies shall provide for thirty (30) days' prior written notice to Franchisor of any material modification, cancellation or expiration of a policy. Upon request, Franchisee shall provide Franchisor with a certificate evidencing coverage. In the event of a change in an insurance carrier or coverage, Franchisee shall provide Franchisor with certification by each new insurance carrier evidencing the terms of coverage, the coverage in force, and the persons insured. Such certification shall provide that the new insurance carrier will not alter, cancel or permit the coverage to lapse or expire without thirty (30) days' advance written notice to Franchisor. Franchisor or its insured shall have the right to participate in discussions with Franchisee's insurance company with regard to any claims that may affect Franchisor's business, and Franchisee agrees to adopt Franchisor's recommendations to its insurance carrier regarding any such claims. All amounts spent by Franchisor to secure any insurance coverage Franchisee fails to obtain shall be due to Franchisor by Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to secure any insurance coverage for Franchisee. Franchisee also acknowledges that Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance.

## B. PURCHASE OF INSURANCE

Insurance coverage may be available to Franchisee to purchase through Franchisor, in Franchisor's sole discretion. Franchisor currently sets the premium on an annual basis in the month of November.

## 6. TRADE SECRETS

Franchisee acknowledges that there is information disclosed by Franchisor pursuant to this Agreement, during the Initial Training Program and subsequent training program and otherwise (including, without limitation, the Proprietary Information, methods of service, sources and suppliers of equipment and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems and knowledge of the System and the entire contents of The Studio), that is proprietary, confidential or a trade secret of Franchisor ("**Trade Secrets**"). Franchisee agrees to maintain the absolute confidentiality of all such information during and after the term of

this Agreement and agrees not to use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall not make copies of such information or divulge such information to any other person. Franchisee shall require any other person involved in Franchisee's Jazercise Dance Fitness Program who will have access to any confidential information or Trade Secrets to sign a confidentiality agreement in a form acceptable to Franchisor.

## 7. **FEES**

### A. **INITIAL FRANCHISE FEE**

Franchisee shall pay to Franchisor a non-refundable initial franchise fee of One Thousand Two Hundred Fifty Dollars (\$1,250.00), payable as follows:

(i) at least Fifty Percent (50%) on the Monday prior to the Initial Training Program; and

(ii) the remaining balance, if any, via automatic payment deduction thirty (30) days after Franchisee completes the Initial Training Program.

If Franchisee elects not to attend the Initial Training Program, fails to complete the audition for the Initial Training Program to Franchisor's satisfaction, or fails to complete the Initial Training Program to Franchisor's satisfaction, this Agreement shall terminate and Franchisor shall refund the initial franchise fee to Franchisee less Two Hundred Fifty Dollars (\$250.00). Except as provided above, the initial franchise fee is fully earned immediately upon payment and is non-refundable.

### B. **ASSOCIATE FEE**

Franchisee shall pay to Franchisor an associate fee equal to either One Hundred Twenty Dollars (\$120.00) per annum if paid in full on November 1 of each year during the Term or Twelve Dollars (\$12.00) per month if paid monthly ("Associate Fee"). Franchisee acknowledges and agrees that this Associate Fee may be increased at any time and from time to time during the term of this Agreement up to an aggregate amount of Three Hundred Dollars (\$300.00) per annum and that the Associate Fee may be higher if paid monthly rather than in one lump sum (but in no event higher than the maximum aggregate amount stated herein). In addition to the Associate Fee, if Franchisee teaches any temporary classes, Franchisee must pay to Franchisor ten percent (10%) of Gross Customer Enrollment Fees for any Junior Jazercise or Personal Touch classes or twenty percent (20%) of Gross Customer Enrollment Fees for all other classes, including corporate classes, which Franchisee must pay to Franchisor within five (5) days following the end of the calendar month in which Franchisee taught such temporary classes. "**Gross Customer Enrollment Fees**" means any and all amounts paid by customers with respect to the classes, but exclusive of sales and other taxes collected from such customers. Neither the Associate Fee nor any other fees payable under this section are refundable under any circumstances including, without limitation, in the event Franchisee changes status or resigns.

### **C. RETURNING FRANCHISEE FEE**

If Franchisee was formerly a franchisee who previously resigned and wishes to become a franchisee again within twelve (12) months of resigning, Franchisee must submit a movement screening video to Franchisor for Franchisor's review. If Franchisor, in its sole discretion, agrees to permit Franchisee to become a franchisee again, Franchisee shall pay a fee of Two Hundred Fifty Dollars (\$250.00). Franchisee shall also sign Franchisor's then-current Franchise Agreement.

### **D. RECERTIFICATION FEE**

In the event Franchisee was formerly a franchisee of Franchisor who resigned, and Franchisor, in its sole discretion, agrees to permit Franchisee to become a Jazercise instructor again more than twelve (12) months after Franchisee's resignation, Franchisee shall pay a fee of Six Hundred Twenty-Five Dollars (\$625.00), payable as follows:

- (1) at least Fifty Percent (50%) on the Monday prior to the Initial Training Program; and
- (2) the remaining balance, if any, via automatic payment deduction thirty (30) days after Franchisee completes the Initial Training Program.

Franchisee shall also sign Franchisor's then-current Franchise Agreement and attend and complete the Initial Training Program to Franchisor's satisfaction. The recertification fee is fully earned immediately upon payment and is non-refundable.

### **E. PAYMENT METHOD**

Franchisee must make payments through the Business Center, a proprietary system for management of customer transactions and recurring billing accounts, fee payment and report submission ("Business Center") or electronic funds transfer, which may be provided by a third party vendor designated by Franchisor. Franchisee shall execute and deliver such instruments and pay any processing fees as are necessary and appropriate to effect such transfers. Franchisee acknowledges and agrees that Franchisor shall have the right at any time to change the designated third party vendor and that the processing fees may change. Franchisor shall have the right to vary the frequency of the due date and the method of payment (e.g., from electronic funds transfer to automatic debit) from time to time. The Associate Fee and all other fees are non-refundable.

### **F. CHARGE ON LATE PAYMENTS; DISHONORED PAYMENTS**

In addition to all other rights and remedies that accrue to Franchisor, in the event of any late or overdue payment by Franchisee, Franchisee shall pay a late fee of Fifty Dollars (\$50.00), except that if Franchisee elects to pay the Associate Fee and any insurance premiums owed to Franchisor on a monthly basis, the late fee is Ten Dollars (\$10.00) for late or overdue payments of the Associate Fee and insurance premiums. Franchisee acknowledges that this section does not constitute agreement by Franchisor

to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts.

#### **G. NO WITHHOLDING OF PAYMENT**

Franchisee agrees that Franchisee will not, on the grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset.

#### **H. APPLICATION OF PAYMENTS; RIGHT OF OFFSET**

Notwithstanding any designation by Franchisee, Franchisor shall have discretion to apply any payments by Franchisee to any indebtedness of Franchisee. In addition, Franchisor shall have the right to offset any amounts due to it or its affiliates against any amounts to be paid to Franchisee.

#### **I. TAXES**

In the event Franchisee is required by local law to withhold or deduct any tax on behalf of Franchisor from any amount payable to Franchisor under this Agreement, Franchisee shall increase the payment made to Franchisor by that amount and shall provide Franchisor with (1) documentation showing that Franchisor is being taxed at the lowest rate allowed under local law, and (2) written receipts from the appropriate taxing authority certifying that payments have been made on Franchisor's behalf at the rates previously communicated to Franchisor.

### **8. REPORTING AND RECORD KEEPING**

#### **A. COMPUTER SYSTEM**

Franchisee shall acquire and maintain a personal computer (PC) system and maintain Internet access which meets or exceeds Franchisor's specifications as set forth in The Studio, including, but not limited to, a high speed Internet connection and browser sufficient to download all documents and files and access all websites (whether intranet or extranet) as Franchisor shall specify from time to time, computer memory sufficient to store such documents and files, an active and functional e-mail address, the ability to download music and video and a printer. Franchisee shall maintain, repair, upgrade or update any computer equipment used in the Jazercise Dance Fitness Program to maintain compatibility with any designated software and the ability to access The Studio. Franchisee acknowledges and agrees that Franchisor requires Franchisee to obtain material and make payments via the Jazercise Business Center portal, as specified by Franchisor, and that Franchisor does not provide hard copies of any materials nor permit non-online payments. Franchisor also requires that Franchisee purchase, install and maintain a virus protection software suite from a supplier specified by Franchisor in its sole discretion. Franchisee acknowledges and agrees that Franchisor shall have the right to change or modify the required software and may require that it have independent access to the information on Franchisee's computer system, including the right to

download any information. Neither Franchisor nor any affiliate of Franchisor has any obligation to provide ongoing maintenance, repairs, upgrades or updates to any of the computer hardware or software used in the Jazercise Dance Fitness Program.

**B. RECORD KEEPING**

Franchisee must have bookkeeping and accounting services that fairly reflect any Gross Customer Enrollment Fees and the financial results of the Jazercise Dance Fitness Program, and also such procedures as may be more particularly described on The Studio.

**C. REQUIRED DISCLOSURE**

Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem it advisable, to disclose information regarding Franchisee or the operation of the Jazercise Dance Fitness Program, including without limitation, earnings and other financial performance information. Franchisee agrees that Franchisor shall be entitled to disclose such information and that Franchisor shall have the right to determine the extent and manner in which such disclosure will be made. If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request.

**9. INSPECTION RIGHTS**

Franchisor and its representatives shall have the right, at any time, with or without notice, to monitor and observe the conduct of the Jazercise Dance Fitness Program for the purpose of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System. Franchisor will advise Franchisee of operating problems it discovers as a result of such activities or other reports. Franchisee agrees and acknowledges that Franchisor's representative or agent may evaluate Franchisee's classes from time to time to determine whether or not Franchisee is conducting the classes consistent with Franchisor's policy and procedures. Franchisee agrees to make an audio/visual recording of Franchisee teaching a class from time to time upon Franchisor's request, and send such audio/visual recording to Franchisor at Franchisee's expense. Franchisor's representatives shall have the right at all times during normal business hours to confer with customers of the Jazercise Dance Fitness Program.

**10. MARKS AND TRADE DRESS**

**A. OWNERSHIP OF MARKS AND GOODWILL**

Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement. Such right is limited to the operation of the Jazercise Dance Fitness Program in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor in The Studio. Franchisee agrees not to contest or oppose, nor to assist

anyone else to contest or oppose, directly or indirectly, Franchisor's affiliate's ownership of the Marks, its applications for registration, or registration of, or the validity or enforceability of, any of the Marks or Franchisor's right to use and license the Marks. Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor and its affiliate.

**B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS AND TRADE DRESS**

If local laws require that Franchisee file a registration stating that Franchisee is conducting business under an assumed name or trade name, Franchisee shall state in such document that it is conducting such business as a franchisee of Franchisor. Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use; nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor or which may, in the judgment of Franchisor, be in bad taste or inconsistent with Franchisor's public image or tend to bring disparagement, ridicule or scorn upon Franchisor, its trade names or the goodwill associated therewith. Franchisee shall not use or display, or permit the use or display, of the trademarks, trade names, service marks, insignias, logotypes or any other commercial symbols or trade dress of any other person or entity in connection with the Jazzercise Dance Fitness Program without the prior written consent of Franchisor, or as expressly permitted on The Studio.

**C. COPYRIGHTS**

Franchisee acknowledges that Franchisor and/or its affiliate has developed, and may further develop during the term of this Agreement, certain artistic designs, and certain other word combinations and other materials designated for use by Franchisee. Franchisee acknowledges that Franchisor and/or its affiliate retains all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement. Franchisee agrees and acknowledges that, if Franchisee develops any materials for use in the Jazzercise Dance Fitness Program that Franchisor approves, Franchisor may incorporate such materials in the System and the copyright for any such materials shall belong to Franchisor without any further action required by the parties.

**D. DEFENSE OF TRADEMARKS AND COPYRIGHTS**

(1) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks or of any of Franchisor's or its affiliate's copyrights in accordance with the terms of this Agreement,

Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor. Provided that Franchisee is in full compliance with this Agreement, Franchisor shall defend Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks and copyrighted material in accordance with this Agreement, using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its sole discretion. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings.

(2) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, or is using any of Franchisor's or its affiliate's copyrights, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights. In the event Franchisor undertakes such action, it shall have the authority and power of attorney to prosecute or settle such action. Franchisee agrees to render such assistance as Franchisor requires and agrees to cooperate fully with Franchisor to carry out the prosecution of any such action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

#### **E. DISCONTINUANCE OF USE OF TRADEMARKS**

If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or any items of Trade Dress or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark or item of Trade Dress and to accept, use and display such additional marks or items of trade dress within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance.

#### **F. SOCIAL MEDIA POLICY**

Franchisee agrees and acknowledges that Franchisor's on-line policy and social media policy are integral components of the Jazzercise Dance Fitness Program. Franchisee agrees and acknowledges that Franchisee is obligated to comply with Franchisor on-line policy which is subject to change by Franchisor from time to time. Franchisee shall not register a domain name, create or maintain a website or electronic mail address utilizing the Marks or any name similar to the Marks or relating in any way to the Jazzercise Dance Fitness Program without Franchisor's prior written consent. In the event Franchisee conducts any on-line promotional strategies, such on-line promotional strategies shall comply with Franchisor's on-line policy. Franchisee further

agrees and acknowledges that Franchisor shall have the right to review and monitor all on-line content on social media sites, blogs, electronic communication and on other on-line sites on which its trademarks, service marks, trade names, copyrights or any similar marks are used. Franchisee agrees to remove any usage or content that Franchisor requires, including without limitation, content that Franchisor deems to be scandalous, immoral or detrimental to Franchisor's image. Franchisee further agrees and acknowledges that Franchisor may prohibit use of its trademarks, service marks, trade names, copyrights or any similar marks on any site or all sites. Franchisee agrees and acknowledges that failure to comply with Franchisor's on-line policy or social media policy is a material breach of this Agreement.

## **11. DEFAULT AND TERMINATION**

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

### **A. TERMINATION BY FRANCHISEE**

Franchisee may terminate this Agreement by giving thirty (30) days' advance notice to Franchisor (provided that Franchisee is not in default of this Agreement or any other agreements between Franchisor and Franchisee) and shall assist Franchisor in the smooth transition of Franchisee's Jazercise Dance Fitness Program to Franchisor or its designee and comply with each and every one of the provisions of Article 14.

### **B. BY FRANCHISOR WITH NOTICE AND NO OPPORTUNITY TO CURE**

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause." If Franchisee:

(1) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not dismissed within ninety (90) days. For purposes of this section, "insolvent" means Franchisee's liabilities exceed its assets;

(2) abandons the Jazercise Dance Fitness Program by failing to conduct his/her scheduled classes for five (5) consecutive business days or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Jazercise Dance Fitness Program, unless such failure is due to disaster or similar reasons beyond Franchisee's control;

(3) agrees with Franchisor in writing to terminate the Franchise;

(4) has made any material misrepresentation or omission in the application for the Jazzercise Dance Fitness Program or in any report that Franchisee submits to Franchisor pursuant to this Agreement;

(5) engages in conduct which in Franchisor's sole judgment reflects materially and unfavorably upon the operation and reputation of the Jazzercise Dance Fitness Program, the System or Franchisor's business or program;

(6) fails to begin teaching classes as required by Section 2B;

(7) fails to complete the Initial Training Program to Franchisor's satisfaction within six (6) months after signing this Agreement;

(8) repeatedly fails to comply with one or more requirements of the Jazzercise Dance Fitness Program, including, without limitation, the requirement to maintain Franchisor's fitness image and the requirement to utilize Franchisor's then-current names and logos as required by Franchisor from time to time, whether or not corrected after notice, to pay on a timely basis any fees payable hereunder, or otherwise fails to comply with this Agreement or The Studio and the quality standards therein, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement;

(9) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor or the System, or if any principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct;

(10) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement;

(11) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof;

(12) a final judgment of Five Thousand Dollars (\$5,000.00) or more against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed);

(13) makes any unauthorized use of the Marks or Trade Secrets or makes any duplication or disclosure of any Trade Secrets including, but not limited to, any portion of The Studio;

(14) fails to treat and protect The Studio and its contents as confidential, including failure to adequately restrict or protect access to The Studio or other information in sections of Franchisor's website to which access is restricted to franchisees.

(15) fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulations applicable to the operation of the

Jazzercise Dance Fitness Program including, without limitation, the Americans with Disabilities Act;

(16) intentionally under-reports any Gross Customer Enrollment Fees to Franchisor;

(17) fails to timely make payments of any fees due under this Agreement on three (3) or more separate occasions within any twelve (12) month period;

(18) receives an unsatisfactory assessment and subsequently receives an unsatisfactory evaluation on a follow up assessment by Franchisor's representative or agent;

(19) is subject to a determination by Franchisor, in its sole discretion, that continued operation of the Jazzercise Dance Fitness Program by Franchisee will result in imminent danger to public health or safety;

(20) is designated, or any of Franchisee's immediate family, its representatives, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), is designated, by the United States government as a Specially Designated National or Blocked Person (as defined below);

(21) violates Franchisor's on-line policy or social media policy;

(22) loses his or her authorization under U.S. law to work in the United States;

(23) engages in fraudulent behavior including, without limitation, insurance or billing fraud; or

(24) fails to submit to Franchisor any reports provided by local licensing authorities within seven (7) days of receipt.

### **C. BY FRANCHISOR WITH NOTICE AND OPPORTUNITY TO CURE**

This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause":

(1) noncompliance with any requirement in this Agreement not listed in Subsection B above within thirty (30) days after notice thereof is delivered to Franchisee; or

(2) failure to make payments to Franchisor for any amounts due within five (5) days after notice thereof is delivered to Franchisee.

This Agreement will terminate upon this notice to Franchisee without any further notice of termination unless required by law, or unless Franchisee has cured the breach(es) on or before the termination date. The description of any breach in any notice

served by Franchisor upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

**D. CROSS DEFAULT AND CROSS TERMINATION**

Any default or breach by Franchisee of any other agreement between the parties shall constitute a breach or default under the Franchise Agreement, and any default or breach by Franchisee of the Franchise Agreement shall constitute a breach or default under any other such agreement.

**E. NO WAIVER**

The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

**F. ENFORCEMENT**

Franchisee acknowledges that the decision to enforce or not to enforce compliance with Franchisor's rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances.

**12. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

**A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR**

Franchisee agrees to pay Franchisor immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and all other amounts owed to Franchisor or its affiliates which are then unpaid. Franchisee acknowledges that if Franchisee shall fail to pay all amounts owed Franchisor may assign its right to collect such amounts to a debt collection agency.

**B. MARKS**

After the termination or expiration of this Agreement, Franchisee will:

(1) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any Mark, any imitation thereof or other indicia of the Jazzercise Dance Fitness Program in any manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association, or former connection or association, with Franchisor;

(2) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee the items destroyed) all products bearing any Marks;

(3) stop using the Marks and the System and return to Franchisor all copies of The Studio and all other proprietary information, including, without limitation, client lists;

(4) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, home pages, domain and subdomain names, web sites and the like that are associated with the Jazzercise Dance Fitness Program and cooperate with Franchisor in causing all applicable telephone companies and other service providers to reassign such numbers and addresses to Franchisor or its nominee including, without limitation, signing telephone transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement;

(5) return to Franchisor or its authorized agent, destroy or permanently delete all program materials, brochures, DVDs, leases, enrollment records, mailing lists, lists of customers and any and all documentation in his or her possession accumulated or maintained during the term of this Agreement other than Franchisee's personal income tax information and returns;

(6) refrain from soliciting clients or personnel of the Jazzercise Dance Fitness Program, and turn over all client information and data to Franchisor;

(7) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks;

(8) refrain from making any disparaging comments regarding Franchisor;

(9) assist Franchisor or its franchisees in bringing about a smooth transition of the classes and customers of Franchisee allowing such Franchisor representative or franchisees to attend existing classes to assist in this transition;

(10) obtain "tail" insurance coverage, which tail coverage shall extend the insurance policies required pursuant to Section 5 hereof for a minimum of four (4) years; and

(11) comply with all further requirements set forth on The Studio.

### **C. CONTINUING OBLIGATIONS**

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including without limitation, Sections 6, 10, 12 and 14, shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire. Franchisee acknowledges and agrees that Franchisor may notify other franchisees for whom Franchisee teaches classes that Franchisee's Franchise Agreement has expired or been terminated.

## **13. ASSIGNMENT, TRANSFER AND ENCUMBRANCE**

### **A. BY FRANCHISOR**

This Agreement is fully transferable and assignable by Franchisor, in whole or in part, and shall inure to the benefit of any assignee, transferee or other legal successor to its interest herein.

### **B. BY FRANCHISEE**

(1) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee. Accordingly, Franchisee shall not transfer (as defined below) this Agreement or any interest therein except to another franchisee of Franchisor nor shall Franchisee transfer this Agreement without Franchisor's written consent and without offering Franchisor a right of first refusal. Any attempt at a transfer that violates the provisions of this section shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement.

(2) If Franchisee assigns its right to operate the business to a corporation or other entity, the individually named Franchisee shall be the legal and beneficial owner of one hundred percent (100%) of the outstanding shares of the assignee corporation or other ownership interest of the assignee entity, shall act as such corporation's or entity's principal officer and manager, and shall have the sole right to conduct the Jazzercise Dance Fitness Program. Any assignment of the business operated hereunder by Franchisee to a corporation or other entity shall be valid only upon the written consent of Franchisor; provided that Franchisee shall remain the franchisee under the Franchise Agreement and shall remain responsible individually for all terms, covenants and conditions as contained in the Franchise Agreement, including, without limitation, all obligations to pay amounts due hereunder; and further provided that the corporation or other entity agrees in writing to abide by all terms and conditions of the Franchise Agreement executed by Franchisee including the payment of all sums as they become due. Such transfer shall not be subject to Franchisor's right of first refusal; provided that Franchisee notifies Franchisor in advance of the transfer. Franchisee shall reimburse Franchisor for its expenses in documenting such a transfer. Notwithstanding the above, provided Franchisee retains the controlling interest of the assignee corporation or entity, it may transfer stock in such assignee corporation or ownership interest in such assignee entity to members of Franchisee's immediate family or to a trustee in trust for the same, provided the share certificates or other evidence of ownership contain a clause restricting their transfer as required by this Agreement.

(3) For purposes hereof, "**transfer**" means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Jazzercise Dance Fitness Program. By way of example, "**transfer**" also

includes, in the event of Franchisee's death, a transfer to the surviving spouse, heirs, estate or other representative of Franchisee ("Survivor").

(4) Franchisor may require fulfillment of any or all of the following conditions precedent to the granting of consent to any transfer, including a sale and assignment of Franchisee's rights under this Agreement to a bona fide purchaser as hereinafter described, subject to Franchisor's right of first refusal:

- (a) there shall be no existing default in the performance of Franchisee's obligations under this Agreement or under any other agreement with Franchisor or any of its affiliates;
- (b) the proposed transferee shall be qualified according to Franchisor's then-current standards for new franchisees, and shall have successfully completed Franchisor's Initial Training Program and all training in cardiovascular pulmonary resuscitation recommended by the American Heart Association or the American Red Cross;
- (c) Franchisor must grant its approval of assignee's character, personality and such other standards as are currently employed by Franchisor in the appointment of new franchisees;
- (d) the proposed transferee shall have executed Franchisor's then-current standard franchise agreement for a term of years equal to the remaining term of this Agreement, the proposed transferee shall have executed all ancillary agreements then required by Franchisor and all holders of an equity interest in the proposed transferee (if an entity) shall have executed Franchisor's then-current form of guaranty;
- (e) Franchisee shall have executed and delivered a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents and representatives;
- (f) any obligations of the transferee to Franchisee shall be subrogated to the transferee's obligations to Franchisor under the franchise agreement it enters into with Franchisor;
- (g) Franchisee must transfer this Agreement together with all other agreements it has entered into with Franchisor and all rights thereunder to the transferee;
- (h) the transferee has all necessary licenses; and
- (i) the transferee is not: (i) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September

23, 2001, or (iii) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business ("**Specially Designated National or Blocked Person**") or a person in which a Specially Designated National or Blocked Person has an interest.

(5) Except as expressly set forth in this Section, Franchisee shall not sell, assign, transfer, nor encumber this Agreement or any rights or interest herein or hereunder, directly or indirectly, nor suffer or permit any such assignment, transfer or encumbrance to occur by operation of law without obtaining the prior written consent of Franchisor. The assignment of any interest, other than as provided in this article, shall constitute a material breach of this Franchise Agreement and shall entitle Franchisor to immediately terminate this Agreement and any and all rights granted hereunder. Notwithstanding anything to the contrary in this Agreement, no transfer by Franchisee shall be made to (a) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a Specially Designated National or Blocked Person or to a person in which a Specially Designated National or Blocked Person has an interest.

(6) Franchisor's consent to any transfer shall not constitute a waiver of any claim that Franchisor may have against Franchisee or its owner(s), or of Franchisor's right to demand strict compliance with this Agreement.

(7) No interest in this Agreement or the Jazzercise Dance Fitness Program shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a transfer, or otherwise.

### C. **RIGHT OF FIRST REFUSAL**

Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer. Within twenty (20) days of receipt of the complete information and documents by Franchisee, Franchisor will inform Franchisee: (1) whether it or its nominee will exercise its right of first refusal; and (2) if not, whether it will consent to the transfer. In the event that Franchisor notifies Franchisee that it or its nominee will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents which embodied the proposed transfer. Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the transfer (e.g., employment agreements in favor of individuals, and brokers or finders fees to be paid by the proposed transferee to Franchisee or to any principal of Franchisee). Moreover, Franchisor or its nominee shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer. If Franchisor elects not to exercise its right of first refusal and consents to the proposed transferee, Franchisee may consummate the proposed

transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor.

#### **D. DEATH OR DISABILITY**

(1) **Death**. If Franchisee dies or is permanently disabled in a manner that prohibits operation of the Jazzercise Dance Fitness Program, the Survivor shall, within ninety (90) days of such death or determination of permanent disability, either meet all of the qualifications required of franchisees or shall transfer this Agreement in accordance with the requirements of this Section. This right shall be conditioned upon the following:

- (a) Franchisee's representative must deliver to Franchisor a bona fide offer in writing to sell the franchise within the ninety (90) day period;
- (b) Franchisee must be current in the payment of all sums due Franchisor under this Agreement and all other agreements, if any, between Franchisor and Franchisee, and in the rendering of all accountings as required; and
- (c) In the event the franchise is not sold within the ninety (90) day period, any and all rights pursuant to this Franchise Agreement shall automatically terminate.

(2) **Disability**. In the event Franchisee becomes disabled, as certified by a physician, Franchisee shall retain this franchise provided Franchisee secures another associate instructor acceptable to Franchisor to conduct classes for Franchisee during the period of disability. Franchisee may request a leave of absence for at least four (4) weeks but less than twenty-four (24) weeks if, after using Franchisee's best efforts, Franchisee has not been able to engage another associate instructor. Franchisor, in its sole discretion, will consider whether Franchisee meets Franchisor's then-current criteria for a leave of absence, including without limitation, the obligation to have paid in full all amounts required hereunder. During any leave of absence, Franchisee must continue to comply with the provisions of this Agreement, including without limitation, the obligation to obtain all required cardiovascular pulmonary resuscitation training and insurance coverage and the obligation to pay Associate Fees. In the event Franchisee's disability extends beyond twenty-four (24) weeks and Franchisee has not secured another associate instructor acceptable to Franchisor, then Franchisor shall have the right to terminate this Agreement and to appoint and license a new franchisee to conduct the Jazzercise Dance Fitness Program previously conducted by Franchisee in the same facilities and locations, without compensation to Franchisee.

#### **14. INDEMNIFICATION OF FRANCHISOR**

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents, representatives and assignees harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the

Jazzercise Dance Fitness Program, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement. For purposes of this indemnification, “claims” means and includes all obligations, actual and consequential damages, losses, claims, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants’, attorney’s and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses). Franchisor shall have the right to defend any such claim against it with counsel of its own choosing. Franchisee shall have no right to settle or refuse to settle any claim; Franchisor shall retain all right to do so. In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor.

## **15. MISCELLANEOUS**

### **A. FORCE MAJEURE**

In the event of a natural disaster such as an earthquake, flood, hurricane or fire or a strike, lockout or labor controversy or the happening of any extraordinary event beyond the control of one of the parties which results in the inability of that party to operate or to provide the services contemplated by this Agreement, the obligation on the part of that party to operate or to provide such services shall be postponed during the period when such party is unable to do so; provided, however, that this provision shall not affect a party's obligation to make payments required by this Agreement; and provided, further, that in no event shall such postponement last longer than six (6) months.

### **B. GRAMMAR**

The masculine of any pronoun will include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires.

### **C. INTERPRETATION**

References in the Agreement to actions, rights, decisions or options to be exercised in Franchisor's discretion shall mean the sole, absolute and unfettered discretion of Franchisor. When calculating the date upon which or the time within which any act is to be done, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a business day, the period in question shall end on the next business day. The terms of this Agreement shall not be interpreted or construed in favor of or against any party on the ground that one party was the draftsman hereof.

### **D. SECTION HEADINGS**

Section headings are for convenience of reference only and should not be construed as part of this Agreement nor should they limit or define the meaning of any provision herein.

#### **E. NONWAIVER**

No failure by either party to take action on account of any default of the other party, whether in a single instance or repeatedly, and no course of dealing of the parties in variance with the terms hereof constitutes a waiver of any such default or of the performance required of either party by this Agreement. No express waiver by either party of any provision or performance hereunder or of any default by the other party constitutes a waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party. The parties may in their sole respective discretion elect from time to time to waive obligations of one another under this Agreement upon such terms and conditions as they may, in their sole respective discretion, set forth in such written waiver.

#### **F. NO EXEMPLARY DAMAGES**

Neither party to this Agreement shall assert against the other party any claim for special, exemplary or punitive damages arising out of the Franchisor-Franchisee relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Jazercise Dance Fitness Program.

#### **G. INVALIDITY AND SEVERABILITY**

If any provision or portion of a provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision or portion thereof shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or to be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision or portion thereof had been included herein as so modified in scope or application, or had not been included herein, as the case may be, it being the stated intention of the parties that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or portions thereof, or including such provisions or portions thereof only to the maximum scope and application permitted by law, as the case may be. In the event such total or partial invalidity or unenforceability of any provision or portion thereof of this Agreement exists only with respect to the laws of a particular jurisdiction, this section will operate upon such provision or portion thereof only to the extent that the laws of such jurisdiction are applicable.

#### **H. NOTICES**

Any notice or demand given or made pursuant to the terms of this Agreement will be made in writing and delivered by personal service, facsimile, e-mail, overnight delivery, or first class, registered or certified mail (postage prepaid) to such address as may be designated from time to time by the relevant party, and which will initially be as set forth as follows:

If given to Franchisor:

Jazzercise, Inc.  
2460 Impala Drive  
Carlsbad, CA 92010  
Telephone: (760) 602-7142  
Facsimile: (760) 602-7180  
Attn: Sally Baldridge  
Email: sbaldridge@jazzercise.com

If given to Franchisee:

As listed in The Studio

Any notice sent by certified mail will be deemed to have been given three (3) days after the date on which it is mailed. All other notices will be deemed given when sent if sent by facsimile or e-mail or personal delivery, and one (1) business day after being sent by overnight mail. No objection may be made to the manner of delivery of any notice actually received in writing by an authorized agent of a party.

**I. ENTIRE AGREEMENT; MODIFICATION**

This Agreement, any documents executed contemporaneously herewith which expressly reference this Agreement and any documents referred to herein constitute and contain the entire Agreement and understanding of the parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to herein; provided, however, that nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document furnished to Franchisee. This Agreement supersedes and extinguishes any prior written agreement between the parties or any of them relating to the subject matter hereof, provided that it shall not abrogate, impair, release or extinguish any debt, obligation or liability otherwise existing between the parties. This Agreement may not be modified or amended except by a written amendment executed by both parties.

**J. CONTROLLING LAW; DISPUTE RESOLUTION; ATTORNEYS' FEES AND EQUITABLE RELIEF**

(1) This Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof, shall be governed by the laws of California without giving effect to its provision regarding choice of laws; provided, however, that the Lanham Act (15 U.S.C. 1051 et seq.), shall also apply to the provisions concerning the Marks. Nothing in this section is intended, or shall be deemed, to make the California Franchise Investment Law or the California Franchise Relations Act or any other law apply to this Agreement, or the transactions or relationships contemplated hereby, if such law would not otherwise be applicable.

(2) Except as provided in subsection (5) below, upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof, excluding disputes relating to non-curable defaults and quality

control defaults, (in each case, a “**Dispute**”), the Dispute shall first be submitted to mediation on an expedited, administered by the American Arbitration Association (“**AAA**”) in the city in which Franchisor’s headquarters is then located, for mediation in accordance with its commercial rules and procedures which are in effect at the time the mediation is filed. The party seeking mediation must submit the following in addition to any demand or filing required by AAA: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the dispute. Either party may commence mediation by providing to AAA and the other party a written request for mediation, setting forth the subject of the Dispute and the relief requested, with the expectation that the first mediation session shall occur within thirty (30) days of such written request. The parties will cooperate with AAA and with one another in selecting a neutral mediator from the AAA panel of neutrals and in scheduling the mediation proceedings. The mediator must be a retired judge or an attorney experienced in commercial transactions. If the parties are unable to select the mediator within ten (10) business days after receipt of the mediation notice by AAA, then AAA shall designate the mediator. The parties covenant that they will (i) participate in the mediation in good faith, (ii) share equally in the costs of the mediator and AAA administrative costs, and (iii) pay in advance the estimated fees and costs of the mediation, as may be specified in advance by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their respective agents, employees, experts and attorneys, and by the mediator and any AAA employees, are confidential, privileged and inadmissible for any purpose, including without limitation, impeachment, in any reference, arbitration, litigation or other proceeding involving the parties; provided, however, that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. In the event it is necessary, any party may file a motion in a court of competent jurisdiction to compel the other party to participate in the mediation and the prevailing party shall be awarded its costs and expenses, including reasonable attorney’s fees in connection with such motion. If the Dispute is not resolved within ten (10) business days after the first mediation session, either party may (a) give written notice to AAA and the other party that the mediation is terminated and (b) submit any remaining Disputes to binding arbitration pursuant to Section 15J(3) below.

(3) If the parties are unable to resolve the Dispute pursuant to subsection 15J(2) above, then the parties may submit the Dispute to final and binding arbitration in, the city in which Franchisor’s headquarters is then located, administered by AAA, or its successor, in accordance with the rules and procedures of AAA then in effect. Any party may commence the arbitration process by filing a written demand for arbitration with AAA, with a copy to the other party. The party seeking arbitration must submit the following in addition to any demand or filing required by AAA: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in

the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney who is experienced in commercial transactions. If the parties are unable to agree on an arbitrator, AAA shall designate the arbitrator. The parties will cooperate with AAA and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable AAA procedures. Any award issued as a result of such arbitration shall be final and binding and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a jury.

(4) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others. Therefore, the parties agree that any arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff, consolidated or similar basis.

(5) The prevailing party in any legal proceeding will be entitled to recover as an element of such party's cost of arbitration, suit or proceeding, and not as damages, reasonable attorney's fees to be fixed by the arbitrator or by the court. Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of One Hundred Dollars (\$100.00) shall be sufficient bond), in connection with the Marks, Trade Dress, Proprietary Information or Trade Secrets. The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including without limitation, during the pendency of an arbitration or other proceeding. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which such party may have.

## **K. RELATIONSHIP OF PARTIES**

(1) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate. With respect to all matters pertaining to the operation of the business conducted hereunder, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts.

(2) It is acknowledged that Franchisee is the independent owner of its business, shall be in full control thereof, and shall conduct such business in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee

shall conspicuously identify itself as the independent owner of its business and as a franchisee of Franchisor. No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. Neither party shall have liability for any sale, use, excise, income, property or other tax levied upon the business conducted by the other party or in connection with the services performed or business conducted by it or any expenses incurred by it.

(3) Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

(4) Nothing anywhere in this Agreement creates a fiduciary relationship between the parties, nor shall anything herein be deemed to create any trust duties between the parties. No covenant shall be implied to vary or interpret the terms of this provision.

#### **L. COMPLIANCE WITH LOCAL LAW**

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such law or rule.

#### **M. STATUTE OF LIMITATIONS**

The parties hereby acknowledge and agree that any suit, action or other proceeding relating to this Agreement must be brought within one (1) year after the occurrence of the act or omission that is the subject of the suit, action or other legal proceeding.

## **N. REPRESENTATIONS AND WARRANTIES**

(1) Franchisee represents and warrants to Franchisor that neither Franchisee nor any of its affiliates or the funding sources for either is a Specially Designated National or Blocked Person. Neither Franchisee nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government. Neither Franchisee nor any of its affiliates is acting on behalf of a government of any country that is subject to such an embargo. Franchisee further represents and warrants that it is in compliance with any applicable anti-money laundering law, including, without limitation, the USA Patriot Act.

(2) Franchisee represents and warrants to Franchisor that execution and delivery of this Agreement and the performance of Franchisee's obligations hereunder, does not: (i) conflict with, violate, result in a breach of or constitute a default (or an event which, with notice or passage of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation of, any other agreement to which Franchisee is party or by which Franchisee, or any of its assets may be bound; (ii) violate any order, writ, injunction, decree, judgment or ruling of any court or governmental authority; or (iii) violate any applicable law.

(3) Franchisee represents and warrants to Franchisor that Franchisee has received a copy of the form of this Agreement and the Franchise Disclosure Document at least fourteen (14) days before signing this Agreement and has had ample opportunity to consult with his or her attorney and other advisors with respect thereto, review the business of Franchisor, review and understand the terms and conditions of this Agreement, and investigate the nature of Franchisee's anticipated business. In addition, Franchisee is currently a Jazercise instructor or has had an opportunity to contact existing Jazercise franchisees.

(4) Franchisee represents and warrants to Franchisor that Franchisee is a U.S. citizen or is otherwise authorized under U.S. law to work in the United States.

(5) Franchisee agrees that it will notify Franchisor in writing immediately upon the occurrence of any event that would render the foregoing representations and warranties of this Section 15N incorrect.

## **16. ACKNOWLEDGMENTS**

Franchisee acknowledges and represents the following to Franchisor to induce it to enter into this Agreement:

A. THE EFFECTIVENESS OF THIS AGREEMENT IS DEPENDENT UPON FRANCHISEE SUCCESSFULLY COMPLETING THE INITIAL TRAINING PROGRAM AND BECOMING CERTIFIED AND MAINTAINING CERTIFICATION AS A JAZZERCISE INSTRUCTOR. SHOULD FRANCHISEE FAIL TO BECOME CERTIFIED FOR FAILURE TO COMPLETE THE INITIAL TRAINING PROGRAM TO FRANCHISOR'S SATISFACTION, FRANCHISOR MAY TERMINATE THIS AGREEMENT;

B. FRANCHISEE HAS READ THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT AND ALL OTHER RELATED AGREEMENTS AND DOCUMENTS AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLY NECESSARY TO MAINTAIN THE SYSTEM'S HIGH STANDARDS OF QUALITY AND SERVICE AND THE UNIFORMITY OF THOSE HIGH STANDARDS BY ALL FRANCHISEES IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS REPRESENTATIVES HAVE FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF SUCH DOCUMENTS TO THE SATISFACTION OF FRANCHISEE;

C. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE RECOGNIZES THAT THE NATURE OF THE BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT AN INVESTMENT IN THE BUSINESS INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON FRANCHISEE'S INDIVIDUAL AND INDEPENDENT BUSINESS ABILITY AND EFFORTS. FRANCHISEE UNDERSTANDS THAT THE JAZZERCISE DANCE FITNESS PROGRAM IS A CONCEPT THAT ENTAILS BUSINESS RISKS. FRANCHISEE HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS OF FRANCHISEE'S CHOOSING AS FRANCHISEE DEEMS NECESSARY, INCLUDING LEGAL COUNSEL, REGARDING ALL ASPECTS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, ALL RELATED AGREEMENTS AND THE BUSINESS RELATIONSHIP CREATED THEREBY, AND TO DETERMINE THAT FRANCHISEE IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE;

D. FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTY OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE POTENTIAL VOLUME, REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT;

E. FRANCHISEE IS AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY;

F. NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY FRANCHISOR, OR BY ITS OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS OR OTHER REPRESENTATIVES, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT HERETOFORE RECEIVED BY FRANCHISEE OR TO THE TERMS CONTAINED IN THIS AGREEMENT, AND FRANCHISEE HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS;

G. IN ALL OF THEIR DEALINGS WITH FRANCHISEE, THE OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS AND REPRESENTATIVES OF FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY, NOT IN AN INDIVIDUAL CAPACITY, AND THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR;

H. FRANCHISEE ACKNOWLEDGES THAT IN EACH CASE IN WHICH FRANCHISOR MAY EXERCISE ANY OPTION OR OTHER RIGHT UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT CONTEMPLATED HEREBY, FRANCHISOR MAY DO SO IN ITS SOLE DISCRETION, WITHOUT LIABILITY OR OTHER OBLIGATION. SO AS TO PRESERVE THE FLEXIBILITY TO DEAL WITH PRACTICAL SITUATIONS, FRANCHISOR MAY, IN ITS SOLE DISCRETION, ELECT TO NOT ENFORCE (OR TO SELECTIVELY ENFORCE) ANY PROVISION OF THIS AGREEMENT, OR ANY OTHER AGREEMENT, ANY POLICY OR OTHERWISE, WHETHER WITH RESPECT TO FRANCHISEE OR ANY OTHER FRANCHISEE OR OTHERWISE, AND FRANCHISOR MAY APPLY DIFFERENT POLICIES TO ANY FRANCHISEE, ALL WITHOUT LIABILITY OR OTHER OBLIGATION, AND ANY SUCH ACTS OR OMISSIONS WILL NOT LIMIT OR OTHERWISE AFFECT FRANCHISOR'S RIGHTS, WHETHER TO ENFORCE THIS AGREEMENT STRICTLY OR OTHERWISE; AND

I. THE APPLICATION MADE BY FRANCHISEE IS TRUE AND CORRECT. FRANCHISEE HAS MADE NO INCORRECT STATEMENT IN THE APPLICATION OR FAILED TO MAKE ANY STATEMENT THAT WOULD BE NECESSARY TO MAKE THE STATEMENTS IN THE APPLICATION NOT MISLEADING.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated on the first page hereof.

**Franchisor:**

**JAZZERCISE, INC.,**  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary

**Franchisee:**

(Signature)

(Print Name)

**EXHIBIT A**

**GEOGRAPHIC AREA**

Description: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF ILLINOIS**

1. The following language is added to Subparagraph 15J(1) of the Franchise Agreement for Associates and Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners:

"Provided, however, that the provisions of the Illinois Franchise Disclosure Act will govern franchises located in the State of Illinois. Section 41 of the Illinois Franchise Disclosure Act states that `any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this state is void.'"

2. The following language is added to Subparagraph 15J(3) of the Franchise Agreement for Associates and Subparagraph 16J(3) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners:

"The parties acknowledge that Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois."

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MARYLAND**

1. The following provisions are hereby added to Subparagraphs 1E(2)(e) and 14B(4)(g) of the Franchise Agreement for Class Owners, Subparagraph 14B(4)(g) of the Franchise Agreement for Business Owners and Subparagraphs 1D(2)(d) and 13B(4)(e) of the Franchise Agreement for Associates:

"The general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following sentence is hereby added to Paragraph 16J of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Paragraph 15J of the Franchise Agreement for Associates:

"Nothing in this paragraph shall prohibit a franchisee in Maryland from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that any claims arising such law shall be brought within three (3) years after the grant of a franchise."

3. The following sentence is hereby added to Paragraph 16O of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners, and to Paragraph 15N of the Franchise Agreement for Associates:

"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law. These representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

Dated: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Instructor No: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NEW YORK**

The following language is added to Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Subparagraph 15J(1) of the Franchise Agreement for Associates:

“However, this choice of law should not be considered a waiver of any rights conferred by the provisions of Article 33 of the New York State General Business Law.”

The provisions of this Addendum only apply if the jurisdictional requirements of the New York Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NORTH DAKOTA**

1. Subparagraph 1E(2)(e) of the Franchise Agreement for Class Owners and Subparagraph 1D(2)(d) of the Franchise Agreement for Associates are deleted.
2. The following language is added to Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Subparagraph 15J(1) of the Franchise Agreement for Associates:

“Provided, however, that in the event there is a conflict between California law and North Dakota Law, then North Dakota Law will prevail.”
3. The first sentence of Subparagraph 16J(3) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and of Subparagraph 15J(3) of the Franchise Agreement for Associates is deleted and replaced with the following:

“If the parties are unable to resolve the Dispute pursuant to subparagraph (2) above, then the parties may submit the Dispute to final and binding arbitration. The arbitration shall take place at a location agreeable to the parties and may not be remote from Franchisee's place of business. If the parties cannot agree on a location, the site of the arbitration shall be determined by the rules of the American Arbitration Association.”

The provisions of this Addendum only apply if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

Dated: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

FRANCHISEE:

By: 

By: \_\_\_\_\_

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

# **EXHIBIT F**

**JAZZERCISE, INC.**

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**FRANCHISE AGREEMENT**

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## JAZZERCISE, INC.

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### FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into on \_\_\_\_\_, by and between JAZZERCISE, INC., a California corporation ("**Franchisor**"), and \_\_\_\_\_, an individual ("**Franchisee**"), with reference to the following facts:

A. Franchisor has the right to operate and grant to others the right to operate a Jazzercise dance fitness program consisting of choreographed and copyrighted exercise routines set to music, in accordance with certain proprietary practices and procedures ("**Proprietary Information**") that are part of a system relating to the establishment, development, operation and management of the Jazzercise dance fitness program ("**System**");

B. Franchisor has the right to use and license the use of the trademarks, tradenames, service marks, designs, emblems, logos, slogans, copyrights, Trade Dress, Trade Secrets (as defined below), commercial symbols and other indicia it designates, now or hereafter used or intended to be used or hereafter used in connection with the System, and any and all revisions, modifications and additions thereto, whether or not recorded or registered with the United States Patent and Trademark Office or any other local, state, federal or foreign agency, registrar or body including, without limitation, the name "Jazzercise" and related design logos ("**Marks**"); and

C. Franchisor licenses the right to use the System and the Marks in the management of a dance fitness program ("**Jazzercise Dance Fitness Program**").

D. Franchisee desires to obtain a license to use the Marks and System in the operation of a Jazzercise Dance Fitness Program, with the understanding that Franchisee will not be a certified Jazzercise instructor, but will instead retain certified Jazzercise instructors to teach Franchisee's classes. Franchisor is willing to grant Franchisee a license upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of these premises and of the mutual covenants contained herein, the receipt and sufficiency of which is acknowledged by the parties, the parties agree as follows:

## **1. GRANT OF RIGHTS**

### **A. NON-EXCLUSIVE LICENSE**

Subject to the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, a non-exclusive license to use the Marks and the System solely in the operation of the Jazzercise Dance Fitness Program at one (1) or more locations to be determined pursuant to the terms and conditions of this Agreement within the geographic area described in **Exhibit "A"** attached hereto ("Geographic Area"). Franchisee acknowledges and agrees that Franchisee does not have any territorial or exclusive rights whatsoever with regards to the Geographic Area and that there will be other franchisees operating the Jazzercise Dance Fitness Program in the Geographic Area. The parties agree and acknowledge that Franchisee shall be responsible for, and have complete authority, responsibility, supervision and control over, the provision of all services performed at the Jazzercise Dance Fitness Program, subject to Franchisor's approval of Franchisee's class schedule. Subject to Franchisor's approval, the non-exclusive license granted by this Agreement shall include the right to sell Franchisor's approved products.

### **B. STATUS**

Franchisee is a business owner under this Agreement. Business owners are franchisees who own classes but are not certified Jazzercise instructors themselves. They retain the services of associate franchisees to teach classes. In the event Franchisee chooses to change his or her status, including, but not limited to, a class owner, or associate, Franchisee shall obtain Franchisor's prior written consent. Franchisee may only change status to a class owner who is authorized to instruct Jazzercise classes if Franchisee meets Franchisor's then-current requirements for such class owners, and if Franchisor has given its prior written consent which may be withheld by Franchisor in its sole subjective discretion. Franchisee acknowledges and agrees that Franchisor may require Franchisee to attend and complete to Franchisor's satisfaction Jazzercise's initial training program or portions thereof, as determined by Franchisor as one of the conditions to consenting to such change of status and to comply with all other requirements for status change set forth in this Agreement.

### **C. SITE SELECTION PROCEDURE**

(1) Franchisee's Guidelines. Franchisor will provide Franchisee with certain guidelines, criteria and specifications for selection of a facility at which Franchisee shall conduct the Jazzercise Dance Fitness Program. The facility shall be subject to Franchisor's consent.

(2) Site Proposal. If Franchisee proposes to lease a commercial facility at which to conduct the Jazzercise Dance Fitness Program, Franchisee shall provide Franchisor with all relevant information concerning the proposed site which may include the general location and neighborhood, zoning of the site, demographic information about the surrounding area, traffic flow, parking, rent, size, layout, physical

characteristics of the location, lease terms, locations of any competitors, and such other information as Franchisor may require and as prescribed on The Studio (defined later), as may be amended from time to time (collectively, “**Site Proposal**”). Franchisee shall provide to Franchisor photos or videos of Franchisee’s proposed site upon Franchisor’s request. After Franchisee submits a Site Proposal, Franchisor will decide whether to consent to the proposed site within thirty (30) days after it receives the Site Proposal. Franchisee shall obtain Franchisor’s consent to a Site Proposal within three (3) months after the date of this Agreement.

(3) Franchisor’s Evaluation. Franchisor may act in its sole discretion in determining whether to consent to a Site Proposal. Franchisee acknowledges and agrees that Franchisor will not conduct any inspection of Franchisee’s facility.

(4) Consent to Site. After Franchisor has consented to the Site Proposal, it shall be Franchisee’s sole responsibility to obtain required approvals and permits from the appropriate governmental entities and to comply with local law regarding the securing of any permits, licenses, or other necessary governmental approvals, as applicable.

(5) Leased Property Site Development and Lease Terms. If Franchisee leases a commercial facility at which Franchisee conducts the Jazzercise Dance Fitness Program, Franchisee shall not sign a lease or contract for the location without receiving Franchisor’s prior written consent. Franchisee shall provide Franchisor a copy of its executed lease. Franchisee shall fully perform all obligations to be performed by Franchisee under the lease or contract and shall immediately upon receipt of any notice of violation from the lessor or other party to the contract deliver a copy of such notice to Franchisor together with a statement of the steps proposed to be taken by Franchisee in response to the notice. The lease or contract must contain such additional terms and conditions as Franchisor may require to provide for the protection of Franchisor’s rights and interests, including but not limited to a conditional lease assignment to Franchisor or its nominee in a form acceptable to Franchisor, and including the following:

- (a) the absolute and unconditional right of Franchisee to assign its interest in the lease to Franchisor or Franchisor’s nominee at any time without the consent of the landlord and without rent increase or penalty;
- (b) the landlord’s acknowledgment that Franchisee shall not assign or transfer the lease or any of its rights thereunder or grant any sublease thereunder without the prior written consent of Franchisor;
- (c) the landlord’s consent to Franchisee’s use of such signage as Franchisor may require;
- (d) the obligation of the landlord to notify Franchisor in writing of any default by Franchisee of any of the terms and conditions of the lease;
- (e) that no amendment, addition, or other modification or change be made to the lease without obtaining the prior written consent of Franchisor;

- (f) that upon expiration or termination for any reason of the Franchise Agreement, Franchisee's rights under the lease will, at the option of Franchisor, be transferred and assigned to Franchisor or its nominee without rent increase or penalty immediately upon notice by Franchisor;
- (g) Franchisee's acknowledgment that the landlord may rely upon such notice and will not be required to inquire into the due execution of such notice or the accuracy of the statements set forth in such notice;
- (h) that such notice will, without further act or formality, operate as an effective assignment of Franchisee's rights under the lease to Franchisor or its nominee without rent increase or penalty, and the assumption by Franchisor or its nominee of the covenants required to be observed or performed by Franchisee under the lease; provided, however, that landlord agrees and acknowledges that Franchisor and its nominee, if any, shall not assume, and shall have no obligation to the landlord, with respect to any liabilities arising from or relating to Franchisee's actions, failure to act or defaults prior to the assignment of the lease;
- (i) Franchisee's acknowledgment that the landlord will, upon the written request of Franchisor, disclose to Franchisor all reports, information or data in the landlord's possession respecting the premises and the operation of the Jazzercise Dance Fitness Program;
- (j) the landlord's acknowledgment that the Franchise Agreement contains a right on the part of Franchisor, in the event of expiration or termination of the Franchise Agreement for any reason whatsoever, to enter the premises and to make any alterations to the exterior or interior decor and signage as Franchisor deems necessary to remove its identification with the System as required by this Agreement and, in the event of the exercise by Franchisor of such right, the landlord further acknowledges that such entry by Franchisor shall not constitute an assignment of the lease nor a subletting of the premises; and
- (k) that Franchisor will be a third party beneficiary under the lease.

Franchisee shall be responsible for all costs associated with the negotiation of the lease. All amounts spent by Franchisor to cure any breach by Franchisee of the lease for the site of the Jazzercise Dance Fitness Program shall be due to Franchisor from Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to cure any breach by Franchisee.

(6) **Signage.** All signage at the Jazzercise Dance Fitness Program site shall conform to Franchisor's specifications.

(7) **Equipment and Supplies.** Franchisee must purchase equipment and supplies for the Jazzercise Dance Fitness Program as designated by Franchisor from suppliers that are designated or approved by Franchisor as provided in Article 4 below.

(8) Relocation. Franchisee may not relocate the Jazzercise Dance Fitness Program, or open additional locations or add, change or cease offering any classes, without Franchisor's prior written consent. If Franchisee requests consent from Franchisor to relocate the Jazzercise Dance Fitness Program, including to another state, Franchisee shall sign Franchisor's then-current form of this Agreement and a general release of Franchisor and its representatives, to the extent permitted by applicable law, on a then-current form.

FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR WILL NOT INSPECT ANY SITE OR ASSIST OR SUPERVISE THE DEVELOPMENT OF ANY SITE. ALTHOUGH FRANCHISOR MAY CONSENT TO A SITE, FRANCHISOR MAKES NO WARRANTY, REPRESENTATION OR GUARANTY OF ANY KIND WITH RESPECT TO THE LOCATION, THE LEASE, OR THE SUCCESS OR PROFITABILITY OF THE JAZZERCISE DANCE FITNESS PROGRAM TO BE OPERATED AT SUCH LOCATION.

#### **D. FRANCHISOR'S RESERVATION OF RIGHTS**

Franchisee acknowledges that this Agreement does not restrict Franchisor or its affiliates from conducting businesses using marks or commercial symbols different from the Marks at any location, nor does it preclude them from using the Marks or licensing the right to others to use the Marks at any location whatsoever. Franchisor reserves all rights not specifically granted to Franchisee under this Agreement. In particular, and not in limitation of the foregoing, Franchisor reserves the right to conduct all commerce over the Internet and other means of electronic commerce as may in the future be developed, and Franchisee has no right to do so except as may be specifically permitted hereunder.

#### **E. TERM; NO RENEWAL**

(1) Term. The term of this Agreement shall begin on the date it is executed by Franchisor and shall continue for five (5) years, subject to earlier termination as provided herein.

(2) Agreement Not to Renew. Franchisee and Franchisor hereby agree and acknowledge that at the expiration of this Agreement, the parties have no expectation or right of a renewal of this Agreement, and the parties hereby mutually agree that there shall be no renewal rights.

### **2. COMMENCEMENT OF OPERATIONS**

#### **A. CONDITIONS FOR OPENING**

Franchisee shall not begin operating the Jazzercise Dance Fitness Program until Franchisor has given its consent in writing. Franchisee shall satisfy the conditions to commencement of operations, including without limitation, the completion of the Initial Training Program, as defined below, to Franchisor's satisfaction.

## **B. OPENING SCHEDULE REQUIREMENTS**

Franchisee must open its location for classes within three (3) months after Franchisee becomes certified by Franchisor.

## **3. INITIAL TRAINING AND OPERATING ASSISTANCE**

### **A. TRAINING**

(1) Franchisor shall furnish to Franchisee its training program during such period as Franchisor designates (“**Initial Training Program**”). The Initial Training Program is a one (1) day training program conducted at selected locations throughout the country. All or part of the Initial Training Program may be conducted remotely online. Franchisee must complete the Initial Training Program to the sole satisfaction of Franchisor prior to beginning to operate the Jazercise Dance Fitness Program.

(2) Franchisor shall have the right, during the Initial Training Program, to further evaluate Franchisee’s fitness to operate under this Agreement. Franchisee shall not be permitted to operate the Jazercise Dance Fitness Program until Franchisee has completed the Initial Training Program to Franchisor’s satisfaction. In the event Franchisee fails to complete the Initial Training Program to Franchisor’s satisfaction within six (6) months after execution of this Agreement, Franchisor shall have the right to terminate this Agreement.

(3) Franchisee shall not be charged an additional fee for the Initial Training Program.

(4) Franchisor may require Franchisee to attend refresher and additional training courses for up to five (5) days per year. Franchisor may also require Franchisee to attend additional training if Franchisor deems it necessary or appropriate. Franchisee agrees and acknowledges that Franchisor may designate the location for such training.

(5) Franchisee agrees and acknowledges that Franchisee shall be responsible either directly to Franchisor or to a representative of Franchisor to whom Franchisee shall report and Franchisee shall attend all Franchisor meetings and attend and complete to Franchisor’s satisfaction all training sessions as Franchisor may request.

(6) Franchisee shall be responsible for all travel and living expenses, if any, that Franchisee and its personnel may incur in connection with the Initial Training Program or refresher or additional training and in attending national meetings or conventions.

## **B. ADDITIONAL INITIAL OPERATING ASSISTANCE**

Franchisor shall provide the following additional initial assistance:

(1) The rendering of assistance, guidance and instruction in initiating and promoting the use of facilities and the development of classes;

(2) The rendering of instruction and assistance in Jazercise business accounting, record keeping and the general operation of Franchisee's business; and

(3) The production and dissemination of teaching materials, routines, policies, guidelines and forms necessary to aid Franchisee in operating Franchisee's business. Franchisee acknowledges that Franchisor disseminates information including policies and other materials solely via The Studio, as defined below, and as of the date of this Agreement, such materials are only available via The Studio.

### **C. THE STUDIO**

Franchisor will provide to Franchisee for use during the term of this Agreement access to Franchisor's proprietary franchise portal that provides operating policies and procedures, announcements, ongoing training, marketing materials, a forum for franchisee discussions and a learning management system, and is available electronically on the portion of Franchisor's website designated for franchisees ("The Studio"). Franchisee shall comply with all such specifications, standards, operating procedures and rules prescribed from time to time on The Studio, or otherwise communicated to Franchisee in writing. The Studio shall be kept confidential by Franchisee. Franchisee will not at any time copy any part of The Studio, disclose any information contained in it to others or permit others access to them. Franchisee acknowledges and agrees that The Studio may be modified from time to time or replaced to change the content and to reflect changes in the standards of authorized services or the System, including, without limitation, modification of the name of The Studio. All modifications to The Studio shall be binding upon Franchisee upon being uploaded to Franchisor's website. Franchisee agrees to accept, implement and adopt any such modifications at Franchisee's own cost. The Studio will contain proprietary information belonging to Franchisor and Franchisee acknowledges that The Studio is, and shall remain, the property of Franchisor. Franchisee understands and agrees that it is of substantial value to Franchisor and other franchisees of Franchisor, as well as to Franchisee, that the System establish and maintain a common identity. Franchisee agrees and acknowledges that full compliance with each and every detail of the System and The Studio is essential to preserve, maintain and enhance the reputation, trade demand and goodwill of the System and the Marks and that failure of Franchisee to operate the Jazercise Dance Fitness Program in accordance with the System and The Studio can cause damage to all of the other parties described above, as well as to Franchisee.

### **D. PERIODIC ADVICE AND CONSULTATION**

Franchisor currently provides the following additional and on-going services:

- (1) The continuous training and support of Franchisee's business including the maintenance and updating of The Studio to assist Franchisee in operation of the Jazercise Dance Fitness Program;
- (2) The preparation and dissemination of certain promotional and advertising materials for Franchisee's use;
- (3) The creation and availability of a variety of materials including brochures, fliers and other materials for distribution by Franchisee to Jazercise customers;
- (4) The rendering of accounting services to aid Franchisee in preparing accountings and reports and for the purpose of maintaining statistical information for the use and benefit of Franchisor and Franchisee;
- (5) Taking all action Franchisor deems necessary to further and protect the trademarks, trade names, service marks and goodwill of Franchisor's name;
- (6) Subject to Franchisor's rights under Section 9, conduct public relation activities and promotion of the Jazercise Dance Fitness Program in Franchisor's discretion through various media which may include, without limitation, newspapers, magazines, public appearances, celebrations, benefits and other special events, both nationally and regionally; Franchisee agrees and acknowledges that all national appearances must be coordinated through Franchisor, and that Franchisee is not permitted to represent Franchisor or make appearances on behalf of Franchisor at a regional or national level without Franchisor's prior written consent;
- (7) The rendering of assistance, advice, rehearsals, critiques and guidance in securing and preparing demonstrations, celebrations, public performances and other appearances;
- (8) The rendering of assistance and instruction in contacting the media and organizations for promotional purposes;
- (9) The rendering of assistance and training through sales managers in procedures and policy; coordinating class schedules, facilities and times; and generally servicing and assisting Franchisee; and
- (10) At Franchisor's option, distribute to Franchisee a line of fitness oriented clothing and other products which may vary from time to time, for sale to Franchisee's Jazercise customers, subject to the conditions set forth in Section 4F.

#### **4. OPERATION BY FRANCHISEE**

##### **A. OBLIGATIONS OF FRANCHISEE**

Franchisee acknowledges and agrees:

**(1)** To comply strictly with the requirements and instructions of Franchisor regarding the use of trade names, service marks, trademarks, and copyrights in connection with the conduct of the Jazercise Dance Fitness Program and the sale of products and clothing distributed by Franchisor. Franchisee agrees to comply strictly with all requirements and policies as contained on The Studio, including but not limited to the requirements (i) to purchase upon commencement of his or her business the following: audio player(s), microphone, stage and such other equipment as may be necessary from time to time to receive transmissions from Franchisor; (ii) that Franchisee successfully complete all training and refresher training in cardiovascular pulmonary resuscitation recommended by the American Heart Association or the American Red Cross; (iii) that Franchisee provide Franchisor with updated information on customers upon request; (iv) that Franchisee offer Franchisor's online program known as Jazercise on Demand to Franchisee's customers in accordance with Franchisor's then-current policies; and (v) that Franchisee reimburse customers for fees they have paid for classes that are not given. If Franchisee fails to do so, Franchisor may reimburse such customers and Franchisee must immediately reimburse Franchisor for such amounts. Franchisor may also provide Franchisee from time to time with other information and policies and procedures on subjects such as marketing, public relations and style presentation;

**(2)** To maintain a uniformity of operation in accordance with the Franchisor methods, consistent with all provisions of Franchisor's policy and procedures as set forth on The Studio, as may be changed from time to time;

**(3)** To use his or her best efforts in seeking and arranging for facilities on a reasonable rental basis for the conduct of classes and in promoting the highest possible class attendance by advertising and promoting the Jazercise Dance Fitness Program;

**(4)** To conduct himself or herself in a professional manner, exhibiting the high standards expected by Franchisor and to exercise sound business judgment while a franchisee. Franchisee shall conduct himself or herself in a manner which does not demean the reputation enjoyed by Franchisor as a physically and mentally stimulating and healthy dance exercise program. Franchisee shall utilize associate, certified instructors in accordance with the policies on The Studio. Franchisee shall be solely responsible for the arrangements it makes with associate instructors and others who assist with Franchisee's classes, and for the financial and other consequences of such arrangements. Franchisee acknowledges that certified Jazercise instructor(s) with whom Franchisee contracts to instruct Franchisee's classes must at all times be in compliance with the terms of their respective franchise agreements with Franchisor, and that Franchisor has the right to require Franchisee to replace any such instructor in the event Franchisor determines, in its sole judgment, that such instructor is not complying with Franchisor's policies or procedures.

## **B. CONDITION AND APPEARANCE**

Franchisee acknowledges and agrees:

(1) that the Jazzercise Dance Fitness Program premises will not be used for the sale of products other than Jazzercise Apparel products;

(2) to maintain the condition and appearance of the Jazzercise Dance Fitness Program in accordance with Franchisor's standards as specified on The Studio, and consistent with the image of the Jazzercise Dance Fitness Program as a clean, sanitary, safe, educational, attractive, and efficiently operated business offering professional and courteous service;

(3) to maintain the condition, appearance and efficient operation of the Jazzercise Dance Fitness Program and its premises as is required by Franchisor, including, without limitation:

- (a) continuous and thorough cleaning and sanitation of the interior and exterior of the Jazzercise Dance Fitness Program premises;
- (b) interior and exterior repair of the Jazzercise Dance Fitness Program premises;
- (c) maintenance of equipment in good condition;
- (d) replacement of worn out or obsolete improvements, fixtures, furnishings, equipment and signs with approved improvements, fixtures, furnishings, equipment and signs; and
- (e) periodic painting and decorating.

(4) to place or display on the Jazzercise Dance Fitness Program's premises only such signs, emblems, lettering and logos, and display only such advertising materials as are provided from time to time by Franchisor and to display all advertising materials required by Franchisor.

#### **C. ALTERATIONS TO JAZZERCISE DANCE FITNESS PROGRAM PREMISES**

Franchisee shall not make any alterations to the Jazzercise Dance Fitness Program premises, or to any improvements, layout, fixtures, and furnishings, signs, equipment, or appearance thereof or other elements of the Trade Dress, as defined below, without the prior written consent of Franchisor.

#### **D. PRODUCTS AND SERVICES; CLASS SCHEDULE**

(1) Prior to the commencement of a class or the move of an existing class, Franchisee shall obtain written approval from Franchisor of the days of the week and times of the classes to be held by Franchisee. Any proposal to start a class or move an existing class must be submitted to Franchisor at least thirty (30) days prior to the proposed start date of such class or move. Franchisee acknowledges and agrees that this proposal and approval of class schedule is conducted through the Jazzercise

Business Center, as defined below, as of the date of this Agreement and that Franchisor shall have the right to change the method and system for approval at any time. Franchisor may condition its approval on the following:

- (a) the proposed class shall not cause a material diminution in the enrollment of existing classes in the Geographic Area or at the same location, as determined by Franchisor based on the types of existing classes held at the same location, the class enrollment, the number of classes being taught by other existing franchisees in the Geographic Area, the population of the Geographic Area and its density, demographics, number of other facilities in the Geographic Area, and the extent to which other franchisees in the Geographic Area are actively seeking to increase the enrollment in their existing classes; and
- (b) the proposed class having sufficient enrollment of new customers not attending other classes, as determined by Franchisor in its sole discretion; and
- (c) Franchisor's determination that the history of class growth in the Geographic Area for the proposed schedule and location justifies approval; and
- (d) Franchisor's evaluation of the performance of other franchisees operating in the Geographic Area; and
- (e) Franchisee's retention of a certified Jazzercise instructor approved by Franchisor to conduct the class.

(2) Franchisee shall not be precluded from enrolling a class member or selling products to persons residing outside of Franchisee's Geographic Area.

(3) Franchisee shall cause the Jazzercise Dance Fitness Program to use all equipment, products and services, and only those equipment, products and services, designated by Franchisor from time to time, and shall use such equipment, products and services strictly in accordance with the standards and specifications described on The Studio. Franchisor may designate vendors for such equipment, products and services.

(4) Franchisee shall at all times provide prompt, courteous, friendly and efficient service to all customers. Franchisee shall in all dealings with all customers and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees not to deviate from the standards, specifications and operating procedures set forth in this Agreement and The Studio in order to ensure uniformity and quality of services offered to the public under the Marks.

(5) Franchisee may, but shall not be required, to sell other related services made available by Franchisor from time to time; provided, however, that Franchisor may adopt and require Franchisee to offer new services as part of the System.

(6) Franchisee may not restrict associate franchisees with respect to the Jazzercise classes they teach, including without limitation, classes outside of the Geographic Area.

#### **E. PURCHASE OF PRODUCTS; APPROVED SUPPLIERS**

(1) Franchisee shall purchase any and all products, equipment, supplies and services bearing the Marks that are required or used in the operation of the Jazzercise Dance Fitness Program only from (a) manufacturers, suppliers or distributors from time to time designated in writing by Franchisor, or (b) from Franchisor or Franchisor's product and apparel provider ("**Jazzercise Apparel**"), if available. Franchisee agrees and acknowledges that certain specially designed equipment, proprietary products, certain services and items used in the Jazzercise Dance Fitness Program that are integral to the System may only be available from Franchisor or its designated supplier. Franchisee agrees and acknowledges that the prices charged for such products, services and items are fair and reasonable.

(2) Franchisee acknowledges and agrees that Franchisor may in the future require that Franchisee must first obtain Franchisor's approval of any products, equipment, supplies and services not bearing the Marks that are used in the operation of the Jazzercise Dance Fitness Program and of the suppliers of such items.

#### **F. SALE OF APPAREL AND OTHER PRODUCTS**

(1) Franchisee may, but shall not be required to, sell as part of its Jazzercise Dance Fitness Program, lines of clothing and other products, including, but not limited to, accessories, etc., as may be made available from time to time to Franchisee by Franchisor and Jazzercise Apparel for sale to Franchisee's customers. Franchisor shall provide, from time to time, its price list showing the cost of such merchandise to Franchisee and the suggested retail price. If Franchisee elects to sell such products, Franchisee shall pay to Franchisor, or Jazzercise Apparel, as directed by Franchisor at the time orders are placed, the franchisee price then currently being charged by Franchisor and Jazzercise Apparel, plus cost of handling, shipping and any applicable taxes. In the event Franchisor elects to extend credit to Franchisee for such merchandise, Franchisee agrees to pay for all products purchased as payment becomes due.

(2) Without Franchisor's prior written consent, Franchisee may not sell to its customers from the same premises at which Franchisee conducts its Jazzercise Dance Fitness Program any clothing or other products, including, but not limited to, accessories, etc., unless they are made available by Franchisor and Jazzercise Apparel.

(3) Franchisee may operate a retail business that sells products similar to those distributed by Franchisor and Jazzercise Apparel if:

(a) Franchisee obtains Franchisor's prior written consent;

- (b) The business is not conducted from the same premises at which the Jazzercise Dance Fitness Program is being conducted;
- (c) The business is not identified with Franchisor;
- (d) The Marks are not utilized in any such business;
- (e) The time devoted by Franchisee to such business does not adversely affect the Jazzercise Dance Fitness Program;
- (f) Franchisee refrains from using Franchisor's confidential lists of its customers, franchisees, agents and other personnel in connection with any such business; and
- (g) Franchisee obtains and maintains sufficient insurance coverage at limits and including coverage acceptable to Franchisor that includes Franchisor as a named insured with the right to receive at least thirty (30) days' prior written notice of any modification, cancellation or termination of such policy and provides Franchisor with evidence thereof.

## **G. SPECIFICATIONS, STANDARDS AND PROCEDURES**

Franchisee acknowledges that each and every detail of the appearance, center layout, supplies utilized, services offered, Jazzercise Dance Fitness Program premises, and other elements of trade dress in the operation of the Jazzercise Dance Fitness Program (**"Trade Dress"**) is important to Franchisor and the System. Franchisee shall comply with all mandatory specifications, standards and operating procedures relating to (i) the type and quality of the services offered by the Jazzercise Dance Fitness Program; (ii) the appearance, color, indicia and signage of the Jazzercise Dance Fitness Program premises; (iii) appearance of employees; (iv) cleanliness, standards of services, and operation of the Jazzercise Dance Fitness Program; (v) submission of requests for approval of materials, supplies, distributors and suppliers; and (vi) safety procedures and programs prescribed by Franchisor. Franchisee also agrees to use all equipment, signage and services as have been approved for the System from time to time by Franchisor. Mandatory specifications, standards, and operating procedures may be prescribed from time to time by Franchisor on The Studio, or otherwise communicated to Franchisee in writing, including without limitation, procedures regarding handling customer complaints. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures.

## **H. SUPERVISION**

The Jazzercise Dance Fitness Program must be under the direct supervision of Franchisee.

## **I. SYSTEM CHANGES**

Franchisee acknowledges that the System must continue to evolve in order to reflect changing markets and to meet new and changing business demands, and that accordingly variations and additions to the System may be required from time to time in order to preserve and enhance the public image of the System. Accordingly, Franchisee agrees that Franchisor may, from time to time, upon notice, add to, subtract from or otherwise modify or change Franchisee's obligations under the System, including, without limitation, changes reflecting Franchisor's adoption and use of new or modified Marks, services, equipment and software. Franchisee agrees promptly to accept and implement all such additions, modifications and changes at Franchisee's sole cost and expense (e.g., changing signs, destroying or recalling advertising and promotional items). Franchisee agrees and acknowledges that if Franchisee develops any component of the System which Franchisor permits or adopts for use in the Jazzercise Dance Fitness Program, such component will belong to Franchisor and Franchisee shall have no right or interest in such component other than a license to use it as part of the System pursuant to this Agreement.

## **J. COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES**

(1) Prior to beginning operations, Franchisee shall secure in Franchisee's name as the owner of an independent business all required licenses, permits and certificates relating to Franchisee's operation of the Jazzercise Dance Fitness Program in the Geographic Area, including, without limitation, all permits and certificates relating to the Jazzercise Dance Fitness Program. Franchisee shall adhere to any applicable legal requirements regarding the operation of the Jazzercise Dance Fitness Program. Franchisee acknowledges that such licenses, certificates and permits may require the payment of security deposits and other fees. Franchisee shall maintain all such licenses, permits and certificates (and require the certified Jazzercise instructors it retains to maintain their respective licenses, permits and certificates) in full force and effect throughout the term of this Agreement.

(2) Franchisee shall operate in full compliance with all applicable laws, ordinances and regulations, including, without limitation, such laws, ordinances and regulations relating to occupational hazards and health, worker's compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes and social security taxes, trade name and advertising restrictions, building codes and handicap access. In particular, and not in limitation of the foregoing, Franchisee shall comply with all laws governing consumer data and privacy and employ all means to maintain the security of consumer data. If any data security incident occurs, Franchisee shall notify Franchisor immediately and shall take steps to address and remedy such incident. Franchisor is not obligated to remedy Franchisee's data security issue, but if Franchisor requires Franchisee to take certain steps including, without limitation, the retention of a remediation expert, Franchisee agrees to do so. A data security incident includes an act originated within or outside Franchisee's organization affecting Franchisee's computer system or other technology that violates

the law or Franchisor's policies and involves unauthorized access to view, copy or use the System, customer data, confidential information or Trade Secrets.

(3) Immediately upon receipt of any citation, notice, complaint or other indication that Franchisee or any of its personnel has violated any law or regulation, Franchisee shall immediately notify Franchisor and transmit copies of all such citations, notices, complaints or other such indications.

## **K. REGIONAL AND NATIONAL ACCOUNTS**

Franchisee acknowledges and agrees that Franchisor has the right to establish regional and national accounts for the provision of services related to the Jazzercise Dance Fitness Program. Franchisee agrees to provide services at the Jazzercise Dance Fitness Program based on the terms of any such regional or national account agreements that Franchisor may enter into with third parties. Franchisee understands that such terms may include discounts on the rates for services Franchisee provides.

## **5. INSURANCE**

### **A. REQUIREMENTS**

Before beginning to operate the Jazzercise Dance Fitness Program, Franchisee must obtain and maintain all insurance coverage for the periods of coverage as required by Franchisor from an insurer or insurers that meet Franchisor's criteria under the terms of this Agreement and the policies and procedures on The Studio, as may be amended from time to time, and that have a minimum Best's Rating of A or other comparable rating. Such insurance shall include coverage insuring against all loss and liability arising out of or in connection with the operation of the Jazzercise Dance Fitness Program, including, without limitation, comprehensive general liability insurance in the minimum amount of One Million Dollars (\$1,000,000.00), including personal injury, contractual liability, products and completed operations and professional liability coverage, and worker's compensation insurance, if required by law, including but not limited to employer's liability, with limits as required by applicable laws. In the event of a claim under any such policy, the deductible amount shall be the responsibility of Franchisee. Franchisee shall cause Franchisor and any of its affiliates that Franchisor specifies to be named as additional insureds under all such policies. Such insurance shall be underwritten by a reputable insurance carrier approved by Franchisor. Franchisee shall further cause Franchisee's insurance agent to copy Franchisor on all insurance policies related to the Jazzercise Dance Fitness Program and written and issued on behalf of Franchisee. In addition, all such policies shall provide for thirty (30) days' prior written notice to Franchisor of any material modification, cancellation or expiration of a policy. Upon request, Franchisee shall provide Franchisor with a certificate evidencing coverage. In the event of a change in an insurance carrier or coverage, Franchisee shall provide Franchisor with certification by each new insurance carrier evidencing the terms of coverage, the coverage in force, and the persons insured. Such certification shall provide that the new insurance carrier will not alter, cancel or permit the coverage to lapse or expire without thirty (30) days' advance written

notice to Franchisor. Franchisor or its insured shall have the right to participate in discussions with Franchisee's insurance company with regard to any claims that may affect Franchisor's business, and Franchisee agrees to adopt Franchisor's recommendations to its insurance carrier regarding any such claims. All amounts spent by Franchisor to secure any insurance coverage Franchisee fails to obtain shall be due to Franchisor by Franchisee upon Franchisor's written demand. Nothing herein shall create an obligation on the part of Franchisor to secure any insurance coverage for Franchisee. Franchisee also acknowledges that Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance.

#### **B. PURCHASE OF INSURANCE**

Insurance coverage may be available to Franchisee to purchase through Franchisor, in Franchisor's sole discretion. Franchisor currently sets the premium on an annual basis in the month of November.

#### **6. TRADE SECRETS**

Franchisee acknowledges that there is information disclosed by Franchisor pursuant to this Agreement, during the Initial Training Program and subsequent training program and otherwise (including, without limitation, the Proprietary Information, methods of service, sources and suppliers of equipment and, in general, methods, techniques, formulas, formats, specifications, standards, procedures, know-how, information systems and knowledge of the System and the entire contents of The Studio), that is proprietary, confidential or a trade secret of Franchisor ("Trade Secrets"). Franchisee agrees to maintain the absolute confidentiality of all such information during and after the term of this Agreement and agrees not to use any such information in any other business or in any manner not specifically authorized or approved in writing by Franchisor. Franchisee shall not make copies of such information or divulge such information to any other person. Franchisee shall require any other person involved in Franchisee's Jazercise Dance Fitness Program who will have access to any confidential information or Trade Secrets to sign a confidentiality agreement in a form acceptable to Franchisor.

#### **7. FEES**

##### **A. INITIAL FRANCHISE FEE**

Franchisee shall pay to Franchisor a non-refundable initial franchise fee of One Thousand Two Hundred Fifty Dollars (\$1,250.00), payable as follows:

(1) at least Fifty Percent (50%) on the Monday prior to the Initial Training Program; and

(2) the remaining balance, if any, via automatic payment deduction thirty (30) days after Franchisee completes the Initial Training Program.

If Franchisee elects not to attend the Initial Training Program or fails to complete the Initial Training Program to Franchisor's satisfaction, this Agreement shall terminate and Franchisor shall refund the initial franchise fee to Franchisee less Two Hundred Fifty Dollars (\$250.00). Except as provided above, the initial franchise fee is fully earned immediately upon payment and is non-refundable.

#### **B. CONTINUING FEE**

Franchisee shall pay to Franchisor within five (5) days following the end of each calendar month, a continuing fee equal to ten percent (10%) of Gross Customer Enrollment Fees paid to Franchisee during each calendar month with respect to children's programs, special events and personal touch programs and twenty percent (20%) of all Gross Customer Enrollment Fees paid each calendar month with respect to all other programs conducted pursuant to this Agreement ("Continuing Fee"). "**Gross Customer Enrollment Fees**" means any and all amounts paid by customers with respect to the Franchisee's classes regardless of who collects the payments, but exclusive of sales and other taxes collected from Franchisee's customers. Gross Customer Enrollment Fees shall be considered received when billed. Franchisee shall pay to Franchisor a minimum monthly Continuing Fee that is currently Five Hundred Dollars (\$500.00) to defray the cost to Franchisor for the on-going services provided to Franchisee. Franchisee acknowledges and agrees that this Continuing Fee may be increased at any time and from time to time during the term of this Agreement up to One Thousand Dollars (\$1,000.00). This minimum Continuing Fee shall be waived for new franchisees for a period of twelve (12) months from the date Franchisee begins operating the business; provided, however, that Franchisee shall nonetheless be required to pay the Continuing Fee with respect to Gross Customer Enrollment Fees received during any period of time during which the minimum Continuing Fee is waived. The Continuing Fee is not refundable under any circumstances including, without limitation, in the event Franchisee changes status.

#### **C. MARKETING FEE**

Franchisee acknowledges and agrees that Franchisor shall have the right to establish a marketing fund ("**Marketing Fund**") to which Franchisee will be required to contribute an amount to be designated by Franchisor ("**Marketing Fee**"). Franchisor may arrange with a third party to administer the Marketing Fund.

#### **D. PERFORMANCE ROYALTIES**

Franchisee may, under copyright law, be required to pay certain performance royalties for the use of music. In the event payment is required, Franchisor reserves the right to contract for the payment of these royalties on behalf of Franchisee. The cost to Franchisee is based upon the contractual agreement between Franchisor and performing licensing organizations and the range of the number of each franchisee's customers. Upon collection of the proportionate sums due from franchisees, Franchisor shall hold Franchisee harmless from any claims for the specific royalties charged to and paid for by Franchisee.

## **E. PAYMENT METHOD**

Franchisee must make payments through the Business Center, as defined below, or electronic funds transfer, which may be provided by a third party vendor designated by Franchisor. Franchisee shall execute and deliver such instruments and pay any processing fees as are necessary and appropriate to effect such transfers. Franchisee acknowledges and agrees that Franchisor shall have the right at any time to change the designated third party vendor and that the processing fees may change. Franchisor shall have the right to vary the frequency of the due date (e.g., from weekly to monthly) and the method of payment (e.g., from electronic funds transfer to automatic debit) from time to time. The Continuing Fee and the Marketing Fee are non-refundable.

## **F. CHARGE ON LATE PAYMENTS; DISHONORED PAYMENTS**

In addition to all other rights and remedies that accrue to Franchisor, in the event of any late or overdue payment by Franchisee, Franchisee shall pay a late fee of Fifty Dollars (\$50.00), except that if Franchisee elects to pay any insurance premiums owed to Franchisor on a monthly basis, the late fee is Ten Dollars (\$10.00) for late or overdue payments on such insurance premiums. In the event Franchisee does not submit a report when due as required by this Agreement (which for the purposes of the Gross Customer Enrollment Fees report shall be by the fifth (5<sup>th</sup>) day of each month), Franchisee shall pay to Franchisor an administrative handling fee of Fifty Dollars (\$50.00). Franchisee acknowledges that this Section does not constitute agreement by Franchisor to accept such payments after they are due or a commitment to extend credit to, or otherwise finance such amounts.

## **G. NO WITHHOLDING OF PAYMENT**

Franchisee agrees that Franchisee will not, on the grounds of the alleged nonperformance by Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any amounts due, nor shall Franchisee have any right of offset.

## **H. APPLICATION OF PAYMENTS; RIGHT OF OFFSET**

Notwithstanding any designation by Franchisee, Franchisor shall have discretion to apply any payments by Franchisee to any indebtedness of Franchisee. In addition, Franchisor shall have the right to offset any amounts due to it or its affiliates against any amounts to be paid to Franchisee.

## **I. TAXES**

In the event Franchisee is required by local law to withhold or deduct any tax on behalf of Franchisor from any amount payable to Franchisor under this Agreement, Franchisee shall increase the payment made to Franchisor by that amount and shall provide Franchisor with (1) documentation showing that Franchisor is being taxed at the lowest rate allowed under local law, and (2) written receipts from the appropriate taxing

authority certifying that payments have been made on Franchisor's behalf at the rates previously communicated to Franchisor.

## **8. REPORTING AND RECORD KEEPING**

### **A. COMPUTER SYSTEM**

Franchisee shall acquire and maintain a personal computer (PC) system and maintain Internet access which meets or exceeds Franchisor's specifications as set forth in The Studio, including, but not limited to, a high speed Internet connection and browser sufficient to download all documents and files and access all websites (whether intranet or extranet) as Franchisor shall specify from time to time, computer memory sufficient to store such documents and files and to run Franchisor's proprietary computer software program, an active and functional e-mail address, the ability to download music and video and a printer. Franchisee shall maintain, repair, upgrade or update any computer equipment used in the Jazzercise Dance Fitness Program to maintain compatibility with any designated software and the ability to access The Studio and Franchisor's other proprietary software. Franchisee acknowledges and agrees that Franchisor requires Franchisee to obtain material, submit reports and make payments via the Jazzercise Business Center portal, as specified by Franchisor, and that Franchisor does not provide hard copies of any materials nor permit non-online payments.

### **B. SOFTWARE**

Franchisee shall use Franchisor's proprietary software as follows:

- (1) The Jazzercise Business Center, a proprietary system for management of customer transactions and recurring billing accounts, fee payment and report submission ("Business Center");
- (2) The Class Check-In System, a proprietary system for the management of customer registration and attendance, tickets and classes;
- (3) The Studio; and
- (4) The Routines Database, a proprietary system for the streaming of vehicles of Jazzercise choreographed routines, choreography notes and teaching tips.

Franchisee must also install and maintain a virus protection software suite.

Franchisee acknowledges and agrees that (i) Franchisor shall have the right to change or modify the required software and to charge a fee in the future; (ii) Franchisor may replace this software with a third party software; (iii) Franchisor may require that it have independent access to the information on Franchisee's computer system, including the right to download any information; and (iv) neither Franchisor nor any affiliate of Franchisor has any obligation to provide ongoing maintenance, repairs,

upgrades or updates to any of the computer hardware or software used in the Jazzercise Dance Fitness Program.

### **C. RECORD KEEPING**

Franchisee must have bookkeeping and accounting services that fairly reflect the Gross Customer Enrollment Fees, receipts and reports, costs of labor, semi-variables, fixed costs and advertising, and the financial results of the Jazzercise Dance Fitness Program, and also such procedures as may be more particularly described on The Studio.

### **D. REPORTS**

Between the first (1<sup>st</sup>) and fifth (5<sup>th</sup>) day of each month, Franchisee shall also deliver to Franchisor a Gross Customer Enrollment Fees report on a form designated or approved by Franchisor. Franchisee shall also submit to Franchisor such other financial and non-financial reports and information as Franchisor may request. These statements and reports shall be certified as true and correct by Franchisee. Each such report shall be in the form and present the information required by or described on The Studio and submitted to Franchisor through the Business Center. Franchisor may require these reports to be submitted via an automatic filing.

### **E. REQUIRED DISCLOSURE**

Franchisee acknowledges that Franchisor may be required by law, regulation or other legal requirement, or may deem it advisable, to disclose information regarding Franchisee or the operation of the Jazzercise Dance Fitness Program, including without limitation, earnings and other financial performance information. Franchisee agrees that Franchisor shall be entitled to disclose such information and that Franchisor shall have the right to determine the extent and manner in which such disclosure will be made. If Franchisor does not have the information necessary for the disclosure Franchisor determines it will make, Franchisee shall provide such information to Franchisor promptly upon Franchisor's request.

## **9. MARKETING AND ADVERTISING**

### **A. EXPENDITURES**

In the event Franchisor establishes a Marketing Fund, the following will apply. Franchisor may designate a third party to administer the Marketing Fund on such third party's platform. In that event, Franchisor may require Franchisee to pay the Marketing Fee to the third party. In the event Franchisor administers the Marketing Fund itself, Franchisee will pay the Marketing Fee to Franchisor. Franchisee agrees and acknowledges that the Marketing Fee may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds and may be deemed an asset of Franchisor. Franchisor will administratively segregate the Marketing Fund on its books and records. Franchisor will use the Marketing Fund for the purpose of marketing and promotional purposes, and Franchisor may elect to

disseminate promotional materials through the Internet, television, radio and print media such as magazine, billboard, flyers or mailers, and newspapers. Franchisor may also use the Marketing Fund to hire a website management firm to manage a website on behalf of all Franchisees. Franchisor may also use the Marketing Fund to develop promotional and advertising materials, including, but not limited to, brochures, handouts, or other similar materials, for use by Franchisee. Franchisor will conduct such advertising and marketing of the System and its services as Franchisor deems desirable to promote and enhance the reputation of the System, including, without limitation, producing materials for use in connection with such advertising and marketing. Franchisee understands, acknowledges and agrees that all decisions regarding advertising and marketing, including without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies shall be made by Franchisor. Franchisee agrees and acknowledges that all costs of the formulation, development and production of any advertising and promotion (including without limitation the proportionate compensation of Franchisor's employees who devote time and render services in connection with such advertising and promotional programs or the administration, accounting and collection of the Marketing Fees) will be paid from the Marketing Fund. Franchisee acknowledges that Franchisor may spend a portion of the Marketing Fund for the administration of the Marketing Fund. Franchisor does not have any obligation to make expenditures that are proportionate or equivalent to Franchisee's Marketing Fees in the Geographic Area, nor does Franchisor represent that Franchisee will benefit directly or pro rata from the placement of advertising. Franchisee agrees and acknowledges that Franchisor has the right to establish a local or regional marketing cooperative, and agrees to participate in such a cooperative if required to do so by Franchisor. Franchisor may require Franchisee to contribute all or a portion of its Marketing Fee to such a cooperative.

#### **B. ADVERTISING**

Franchisor may periodically provide Franchisee advertising materials. Franchisee shall use only advertising material provided by Franchisor.

#### **C. ADVERTISING CAMPAIGNS**

If Franchisor elects to conduct an advertising campaign, Franchisee agrees to participate in the campaign and purchase a sufficient amount of advertising material from Franchisor or pay a portion of the cost of the campaign. Franchisee acknowledges that such campaigns may involve gift certificates and discounts that are provided to customers.

#### **D. DISCOUNTS AND COUPONS**

From time to time as part of the advertising and promotional activities conducted by Franchisor, Franchisor may institute discount programs and issue or permit franchisees to issue coupons and gift certificates. Franchisee agrees to accept such coupons and gift certificates from customers and to redeem them in accordance with Franchisor's policies then in effect and to participate in such discount programs.

## **E. NO FIDUCIARY DUTY**

Nothing in this Section or anywhere in this Agreement creates a fiduciary relationship between the parties, nor shall anything herein be deemed to create any trust duties between the parties. No covenant shall be implied to vary or interpret the terms of this provision.

## **10. INSPECTION RIGHTS**

### **A. TIMING AND SCOPE**

Franchisor and its representatives shall have the right, at any time, with or without notice, to monitor and observe the conduct of the Jazzercise Dance Fitness Program for the purpose of determining compliance with the requirements of this Agreement, for conducting quality assurance audits which may include customer surveys, and for any other purpose connected with the System. Franchisor will advise Franchisee of operating problems it discovers as a result of such activities or other reports. Franchisee agrees and acknowledges that Franchisor's representative or agent may evaluate Franchisee's classes from time to time to determine whether or not the certified Jazzercise instructors Franchisee retains are conducting the classes consistent with Franchisor's policy and procedures. Franchisee agrees to make an audio/visual recording of Franchisee's classes and provide photos and videos of Franchisee's facility from time to time upon Franchisor's request, and send such audio/visual recording or photos and videos to Franchisor at Franchisee's expense.

### **B. INSPECTIONS AND AUDITS**

(1) Franchisor's representatives shall have the right at all times during normal business hours to confer with employees and customers of the Jazzercise Dance Fitness Program, and to inspect and audit Franchisee's books, records and tax returns, or such portions thereof as pertain to the operation of the Jazzercise Dance Fitness Program. All such books, records and tax returns shall be kept and maintained for at least three (3) years after their creation at the Jazzercise Dance Fitness Program or such other place as may be agreed to from time to time in writing by the parties. Said records shall be prepared according to generally accepted accounting principles and procedures as may be prescribed by Franchisor. Franchisee shall provide Franchisor with all such accounting information as may be requested on reporting forms submitted to Franchisee for completion. Franchisee shall also submit to Franchisor current annual financial statements including profit and loss statements and balance sheets and such other reports as Franchisor may request to evaluate or compile research data on any aspect or aspects of Franchisee's business. If any such inspection or audit reveals that the Gross Customer Enrollment Fees reported in any report or statement are less than the actual Gross Customer Enrollment Fees ascertained by such inspection, then Franchisee shall immediately pay Franchisor the additional amount of Continuing Fees and Marketing Fees owing by reason of the understatement of Gross Customer Enrollment Fees previously reported, together with interest as provided in Section 10B(3) below.

(2) From the date hereof, and until three (3) years has elapsed following the end of the term of this Agreement, Franchisor or its authorized agent, shall have the right to request, receive, inspect and audit, at any time, without notice, any or all of the records referred to above, wherever they may be located, or at any other mutually agreeable location. Franchisee agrees and acknowledges that Franchisor may send a representative (without identification as a Franchisor representative and without prior notice) to Franchisee's classes as a walk-in customer and that Franchisor may then verify whether or not Franchisee accurately reports this revenue. Failure to do so may result in immediate termination of this Agreement.

(3) In the event that any report or statement understates Gross Customer Enrollment Fees by more than two percent (2%) of the actual Gross Customer Enrollment Fees ascertained by Franchisor's inspection, Franchisee shall, in addition to making the payment provided for in the immediately preceding sentence, and in addition to any other remedies and rights Franchisor may have, pay and reimburse Franchisor for any and all expenses incurred in connection with its inspection and audit, including, but not limited to, accounting and legal fees and travel expenses, room and board and compensation for Franchisor's representatives. Such payments shall be without prejudice to any other rights or remedies Franchisor may have under this Agreement or otherwise. If the audit discloses an over-payment of fees or monies due Franchisor under this Agreement, Franchisor shall promptly pay the amount of such over payment to Franchisee.

## **11. MARKS AND TRADE DRESS**

### **A. OWNERSHIP OF MARKS AND GOODWILL**

Franchisee's right to use the Marks is derived solely from, and is subject to, the terms and conditions of this Agreement. Such right is limited to the operation of the Jazzercise Dance Fitness Program in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by Franchisor in The Studio. Franchisee agrees not to contest or oppose, nor to assist anyone else to contest or oppose, directly or indirectly, Franchisor's affiliate's ownership of the Marks, its applications for registration, or registration of, or the validity or enforceability of, any of the Marks or Franchisor's right to use and license the Marks. Franchisee also agrees not to acquire or use any trademarks that are similar or identical to the Marks. Franchisee agrees that its usage of the Marks and any goodwill established thereby shall inure to the exclusive benefit of Franchisor and its affiliate.

### **B. LIMITATIONS ON FRANCHISEE'S USE OF MARKS AND TRADE DRESS**

If local laws require that Franchisee file a registration stating that Franchisee is conducting business under an assumed name or trade name, Franchisee shall state in such document that it is conducting such business as a franchisee of Franchisor. Franchisee shall not use any of the Marks or similar words or colorable imitations thereof as part of any name of any corporation, partnership, limited liability company or

other business entity, or with any other prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form or as part of any domain name, web address or similar electronic use; nor may Franchisee use any of the Marks in connection with the sale of any unauthorized products or service or in any other manner not explicitly authorized in writing by Franchisor or which may, in the judgment of Franchisor, be in bad taste or inconsistent with Franchisor's public image or tend to bring disparagement, ridicule or scorn upon Franchisor, its trade names or the goodwill associated therewith. Franchisee shall not use or display, or permit the use or display, of the trademarks, trade names, service marks, insignias, logotypes or any other commercial symbols or trade dress of any other person or entity in connection with the Jazzercise Dance Fitness Program without the prior written consent of Franchisor, or as expressly permitted on The Studio.

### **C. COPYRIGHTS**

Franchisee acknowledges that Franchisor and/or its affiliate has developed, and may further develop during the term of this Agreement, certain artistic designs, and certain other word combinations and other materials designated for use by Franchisee. Franchisee acknowledges that Franchisor and/or its affiliate retains all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement. Franchisee agrees and acknowledges that, if Franchisee develops any materials for use in the Jazzercise Dance Fitness Program that Franchisor approves, Franchisor may incorporate such materials in the System and the copyright for any such materials shall belong to Franchisor without any further action required by the parties.

### **D. DEFENSE OF TRADEMARKS AND COPYRIGHTS**

(1) In the event that Franchisee receives notice or learns of a claim, suit, demand or proceeding against Franchisee on account of any alleged infringement, unfair competition, or similar matter relating to Franchisee's use of the Marks or of any of Franchisor's or its affiliate's copyrights in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of such claim, suit, demand or proceeding. Franchisee shall have no power, right, or authority to settle or compromise any such claim by a third party without the prior written consent of Franchisor. Provided that Franchisee is in full compliance with this Agreement, Franchisor shall defend Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks and copyrighted material in accordance with this Agreement, using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its sole discretion. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings.

(2) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, or is using any of Franchisor's or its affiliate's

copyrights, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights. In the event Franchisor undertakes such action, it shall have the authority and power of attorney to prosecute or settle such action. Franchisee agrees to render such assistance as Franchisor requires and agrees to cooperate fully with Franchisor to carry out the prosecution of any such action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

#### **E. DISCONTINUANCE OF USE OF TRADEMARKS**

If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or any items of Trade Dress or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark or item of Trade Dress and to accept, use and display such additional marks or items of trade dress within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance.

#### **F. SOCIAL MEDIA POLICY**

Franchisee agrees and acknowledges that Franchisor's on-line policy and social media policy are integral components of the Jazzercise Dance Fitness Program. Franchisee agrees and acknowledges that Franchisee is obligated to comply with Franchisor on-line policy which is subject to change by Franchisor from time to time. Franchisee shall not register a domain name, create or maintain a website or electronic mail address utilizing the Marks or any name similar to the Marks or relating in any way to the Jazzercise Dance Fitness Program without Franchisor's prior written consent. In the event Franchisee conducts any on-line promotional strategies, such on-line promotional strategies shall comply with Franchisor's on-line policy. Franchisee further agrees and acknowledges that Franchisor shall have the right to review and monitor all on-line content on social media sites, blogs, electronic communication and on other on-line sites on which its trademarks, service marks, trade names, copyrights or any similar marks are used. Franchisee agrees to remove any usage or content that Franchisor requires, including without limitation, content that Franchisor deems to be scandalous, immoral or detrimental to Franchisor's image. Franchisee further agrees and acknowledges that Franchisor may prohibit use of its trademarks, service marks, trade names, copyrights or any similar marks on any site or all sites. Franchisee agrees and acknowledges that failure to comply with Franchisor's on-line policy or social media policy is a material breach of this Agreement.

## **12. DEFAULT AND TERMINATION**

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved. The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies.

### **A. TERMINATION BY FRANCHISEE**

Franchisee may terminate this Agreement by giving thirty (30) days' advance notice to Franchisor (provided that Franchisee is not in default of this Agreement or any other agreements between Franchisor and Franchisee) and shall assist Franchisor in the smooth transition of Franchisee's facilities, leases and customers of Franchisor to Franchisor or its designee and comply with each and every one of the provisions of Article 14.

### **B. BY FRANCHISOR WITH NOTICE AND NO OPPORTUNITY TO CURE**

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause." If Franchisee:

(1) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not dismissed within ninety (90) days. For purposes of this section, "insolvent" means Franchisee's liabilities exceed its assets;

(2) abandons the Jazzercise Dance Fitness Program by failing to conduct his/her scheduled classes for five (5) consecutive business days or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Jazzercise Dance Fitness Program, unless such failure is due to disaster or similar reasons beyond Franchisee's control;

(3) agrees with Franchisor in writing to terminate the Franchise;

(4) has made any material misrepresentation or omission in the application for the Jazzercise Dance Fitness Program or in any report that Franchisee submits to Franchisor pursuant to this Agreement;

(5) engages in conduct which in Franchisor's sole judgment reflects materially and unfavorably upon the operation and reputation of the Jazzercise Dance Fitness Program, the System or Franchisor's business or program;

(6) fails to obtain Franchisor's consent to the location of the Jazzercise Dance Fitness Program within three (3) months after signing this Agreement;

(7) fails to open its location according to Section 2B of this Agreement;

(8) fails to complete the Initial Training Program to Franchisor's satisfaction within six (6) months after signing this Agreement;

(9) repeatedly fails to comply with one or more requirements of the Jazzercise Dance Fitness Program, including, without limitation, the requirement to maintain Franchisor's fitness image and the requirement to utilize Franchisor's then-current names, logos and marketing materials as required by Franchisor from time to time, whether or not corrected after notice, to pay on a timely basis any fees payable hereunder, or otherwise fails to comply with this Agreement or The Studio and the quality standards therein, whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement;

(10) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor or the System, or if any principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct;

(11) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement;

(12) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof;

(13) is evicted by the lessor for any reason, if Franchisee leases the site;

(14) has his/her Jazzercise Dance Fitness Program, assets or class premises seized, taken over or foreclosed by a government official in the exercise of his/her duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, Franchisee is evicted by a lessor for any reason, or a final judgment of Five Thousand Dollars (\$5,000.00) or more against Franchisee remains unsatisfied for thirty (30) days (unless a supersedeas or other appeal bond has been filed), or a writ or levy of execution shall issue against the Jazzercise Dance Fitness Program or the goods and chattels of Franchisee;

(15) makes any unauthorized use of the Marks or Trade Secrets or makes any duplication or disclosure of any Trade Secrets including, but not limited to, any portion of The Studio;

(16) fails to treat and protect The Studio and its contents as confidential, including failure to adequately restrict or protect access to The Studio or other

information in sections of Franchisor's website to which access is restricted to franchisees;

(17) fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulations applicable to the operation of the Jazzercise Dance Fitness Program including, without limitation, the Americans with Disabilities Act;

(18) intentionally under-reports its Gross Customer Enrollment Fees to Franchisor;

(19) fail to timely make payments of any fees due under this Agreement on three (3) or more separate occasions within any twelve (12) month period;

(20) receives an unsatisfactory assessment and subsequently receives an unsatisfactory assessment on a follow-up evaluation by Franchisor's representative or agent;

(21) is subject to a determination by Franchisor, in its sole discretion, that continued operation of the Jazzercise Dance Fitness Program by Franchisee will result in imminent danger to public health or safety;

(22) is designated, or any of Franchisee's immediate family, its representatives, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), is designated, by the United States government as a Specially Designated National or Blocked Person (as defined below);

(23) violates Franchisor's on-line policy or social media policy;

(24) loses his or her authorization under U.S. law to work in the United States;

(25) engages in fraudulent behavior including, without limitation, insurance or billing fraud; or

(26) fails to submit to Franchisor any reports provided by local licensing authorities within seven (7) days of receipt.

### **C. BY FRANCHISOR WITH NOTICE AND OPPORTUNITY TO CURE**

This Agreement shall terminate upon Franchisee's failure to cure any of the following, each of which is deemed to be "good cause":

(1) noncompliance with any requirement in this Agreement not listed in Subsection B above within thirty (30) days after notice thereof is delivered to Franchisee; or

(2) failure to make payments to Franchisor for any amounts due within five (5) days after notice thereof is delivered to Franchisee.

This Agreement will terminate upon this notice to Franchisee without any further notice of termination unless required by law, or unless Franchisee has cured the breach(es) on or before the termination date. The description of any breach in any notice served by Franchisor upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

**D. CROSS DEFAULT AND CROSS TERMINATION**

Any default or breach by Franchisee of any other agreement between the parties shall constitute a breach or default under the Franchise Agreement, and any default or breach by Franchisee of the Franchise Agreement shall constitute a breach or default under any other such agreement.

**E. NO WAIVER**

The description of any default in any notice served upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or the termination hereof.

**F. ENFORCEMENT**

Franchisee acknowledges that the decision to enforce or not to enforce compliance with Franchisor's rules and regulations by other franchisees shall not affect Franchisor's right to enforce such rules and regulations against Franchisee, even under similar circumstances.

**13. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

**A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR**

Franchisee agrees to pay Franchisor immediately after the effective date of termination or expiration of this Agreement, all amounts due to Franchisor and all other amounts owed to Franchisor or its affiliates which are then unpaid. Franchisee acknowledges that if Franchisee shall fail to pay all amounts owed, Franchisor may assign its right to collect such amounts to a debt collection agency.

**B. MARKS**

After the termination or expiration of this Agreement, Franchisee will:

(1) not directly or indirectly at any time or in any manner identify Franchisee or any business with which Franchisee is affiliated as a current or former franchisee or licensee of Franchisor, or as otherwise associated with Franchisor, or use any Mark, any imitation thereof or other indicia of the Jazercise Dance Fitness Program in any

manner or for any purpose, or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association, or former connection or association, with Franchisor;

(2) at Franchisor's option, return or destroy (and if destroyed, Franchisee must set forth with particularity in a writing signed by Franchisee the items destroyed) all products bearing any Marks;

(3) stop using the Marks and the System and return to Franchisor all copies of The Studio and all other proprietary information, including, without limitation, client lists;

(4) stop all use of all telephone numbers, facsimile numbers, e-mail addresses, home pages, domain and subdomain names, web sites and the like that are associated with the Jazercise Dance Fitness Program and cooperate with Franchisor in causing all applicable telephone companies and other service providers to reassign such numbers and addresses to Franchisor or its nominee including, without limitation, signing telephone transfer forms upon the execution of this Agreement or upon demand by Franchisor for use by Franchisor upon expiration or termination of this Agreement;

(5) return to Franchisor or its authorized agent, destroy or permanently delete all program materials, brochures, DVDs, leases, enrollment records, mailing lists, lists of customers and any and all documentation in his or her possession accumulated or maintained during the term of this Agreement other than Franchisee's personal income tax information and returns;

(6) refrain from soliciting clients or personnel of the Jazercise Dance Fitness Program, and turn over all client information and data to Franchisor;

(7) take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to Franchisee's use of any Marks;

(8) refrain from making any disparaging comments regarding Franchisor;

(9) take such steps as are necessary to change the décor, signage, flooring, fixtures, furniture and equipment and other elements of décor and Trade Dress so that the premises no longer resemble the Jazercise Dance Fitness Program;

(10) assist Franchisor, at Franchisor's option, in retaining the use of any leases on the same facilities used by Franchisee prior to the termination of this Agreement;

(11) assist Franchisor or its franchisees in bringing about a smooth transition of the classes and customers of Franchisee (including without limitation reimbursing customers for fees they have paid for classes that Franchisee has not given) allowing such Franchisor representative or franchisees to attend existing classes to assist in this transition;

(12) obtain "tail" insurance coverage, which tail coverage shall extend the insurance policies required pursuant to Section 5 hereof for a minimum of four (4) years; and

(13) comply with all further requirements set forth on The Studio.

**C. CONTINUING OBLIGATIONS**

All obligations of the parties that expressly or by nature survive the expiration or termination of this Agreement, including without limitation, Sections 6, 11, 13, and 15, shall continue in full force and effect subsequent to and notwithstanding its expiration or termination until they are satisfied in full or by nature expire.

**14. ASSIGNMENT, TRANSFER AND ENCUMBRANCE**

**A. BY FRANCHISOR**

This Agreement is fully transferable and assignable by Franchisor, in whole or in part, and shall inure to the benefit of any assignee, transferee or other legal successor to its interest herein.

**B. BY FRANCHISEE**

(1) The rights granted to Franchisee in this Agreement are personal and Franchisee acknowledges that Franchisor is entering into this Agreement in reliance upon and in consideration of the individual character, skill, attitude, business ability and financial capacity of Franchisee. Accordingly, Franchisee shall not transfer (as defined below) this Agreement or any interest therein except to another franchisee of Franchisor nor shall Franchisee transfer this Agreement without Franchisor's written consent and without offering Franchisor a right of first refusal. Any attempt at a transfer that violates the provisions of this Section shall constitute a material breach of this Agreement and shall convey no right or interest in this Agreement.

(2) If Franchisee assigns its right to operate the business to a corporation or other entity, the individually named Franchisee shall be the legal and beneficial owner of one hundred percent (100%) of the outstanding shares of the assignee corporation or other ownership interest of the assignee entity, shall act as such corporation's or entity's principal officer and manager, and shall have the sole right to conduct the Jazzercise Dance Fitness Program. Any assignment of the business operated hereunder by Franchisee to a corporation or other entity shall be valid only upon the written consent of Franchisor; provided that Franchisee shall remain the franchisee under the Franchise Agreement and shall remain responsible individually for all terms, covenants and conditions as contained in the Franchise Agreement, including, without limitation, all obligations to pay amounts due hereunder; and further provided that the corporation or other entity agrees in writing to abide by all terms and conditions of the Franchise Agreement executed by Franchisee including the payment of all sums as they become due. Such transfer shall not be subject to Franchisor's right of first refusal; provided that Franchisee notifies Franchisor in advance of the transfer. Franchisee shall reimburse

Franchisor for its expenses in documenting such a transfer. Notwithstanding the above, provided Franchisee retains the controlling interest of the assignee corporation or entity, it may transfer stock in such assignee corporation or ownership interest in such assignee entity to members of Franchisee's immediate family or to a trustee in trust for the same, provided the share certificates or other evidence of ownership contain a clause restricting their transfer as required by this Agreement.

(3) For purposes hereof, "**transfer**" means any voluntary, involuntary, direct or indirect assignment, sale, division, encumbrance, hypothecation, mortgage, pledge or other transfer by Franchisee, in whole or in part, of any interest in this Agreement, any interest in the Jazzercise Dance Fitness Program. By way of example, "**transfer**" also includes, in the event of Franchisee's death, a transfer to the surviving spouse, heirs, estate or other representative of Franchisee ("**Survivor**").

(4) Franchisor may require fulfillment of any or all of the following conditions precedent to the granting of consent to any transfer, including a sale and assignment of Franchisee's rights under this Agreement to a bona fide purchaser as hereinafter described, subject to Franchisor's right of first refusal:

- (a) there shall be no existing default in the performance of Franchisee's obligations under this Agreement or under any other agreement with Franchisor or any of its affiliates;
- (b) the physical premises of the Jazzercise Dance Fitness Program shall be in complete compliance with Franchisor's then-current standards;
- (c) if required, the lessor of the premises of the Jazzercise Dance Fitness Program has consented to Franchisee's sublease or transfer of the lease or sublease for the premises to the proposed transferee;
- (d) the proposed transferee shall be qualified according to Franchisor's then-current standards for new franchisees, and shall have successfully completed Franchisor's Initial Training Program and all training in cardiovascular pulmonary resuscitation recommended by the American Heart Association or the American Red Cross;
- (e) Franchisor must grant its approval of assignee's character, personality and such other standards as are currently employed by Franchisor in the appointment of new franchisees;
- (f) the proposed transferee shall have executed Franchisor's then-current standard franchise agreement for a term of years equal to the remaining term of this Agreement, the proposed transferee shall have executed all ancillary agreements then required by Franchisor and all holders of an equity interest in the proposed transferee (if an entity) shall have executed Franchisor's then-current form of guaranty;

- (g) Franchisee shall have executed and delivered a general release in a form acceptable to Franchisor of any and all claims against Franchisor and its affiliates, associates, officers, directors, managers, shareholders, members, employees, agents and representatives;
- (h) any obligations of the transferee to Franchisee shall be subrogated to the transferee's obligations to Franchisor under the franchise agreement it enters into with Franchisor;
- (i) Franchisee must transfer this Agreement together with all other agreements it has entered into with Franchisor and all rights thereunder to the transferee;
- (j) the transferee and its personnel must have all necessary licenses; and
- (k) the transferee is not: (i) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business (**"Specially Designated National or Blocked Person"**) or a person in which a Specially Designated National or Blocked Person has an interest.

(5) Class Transfer. In the event Franchisee does not intend to sell his or her entire franchise, but wishes to transfer one or more of Franchisee's classes, then, after providing written notice to Franchisee's sales manager:

- (a) Franchisee may sell, assign or give any such class to an existing franchisee in the Geographic Area;
- (b) Should Franchisee elect not to transfer the class without receiving consideration, then Franchisee shall have the right to negotiate his or her price and terms for the sale of the class, and
- (c) Franchisee shall report to Franchisor facility information, Gross Customer Enrollment Fees of the class, sale price of the class, total sale price and the terms and conditions of the sale.

(6) Except as expressly set forth in this Section, Franchisee shall not sell, assign, transfer, nor encumber this Agreement or any rights or interest herein or hereunder, directly or indirectly, nor suffer or permit any such assignment, transfer or encumbrance to occur by operation of law without obtaining the prior written consent of Franchisor. The assignment of any interest, other than as provided in this article, shall constitute a material breach of this Franchise Agreement and shall entitle Franchisor to immediately terminate this Agreement and any and all rights granted hereunder. Notwithstanding anything to the contrary in this Agreement, no transfer by Franchisee

shall be made to (a) a person designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001, or (iii) a Specially Designated National or Blocked Person or to a person in which a Specially Designated National or Blocked Person has an interest.

(7) Franchisor's consent to any transfer shall not constitute a waiver of any claim that Franchisor may have against Franchisee or its owner(s), or of Franchisor's right to demand strict compliance with this Agreement.

(8) No interest in this Agreement or the Jazercise Dance Fitness Program shall be the subject of a lien, security interest or pledge either in favor of Franchisee as part of a transfer, or otherwise.

### **C. RIGHT OF FIRST REFUSAL**

Franchisee shall provide Franchisor with complete information on the proposed transferee and terms of the transfer. Within twenty (20) days of receipt of the complete information and documents by Franchisee, Franchisor will inform Franchisee: (1) whether it or its nominee will exercise its right of first refusal; and (2) if not, whether it will consent to the transfer. In the event that Franchisor notifies Franchisee that it or its nominee will exercise its right of first refusal, except as provided below, Franchisor or its nominee will accept the transfer upon the same terms and conditions as set forth in the instruments and documents which embodied the proposed transfer. Franchisor shall not be required, by exercise of its right of first refusal, to perform obligations of the proposed transferee which are merely incidental to the transfer (e.g., employment agreements in favor of individuals, and brokers or finders fees to be paid by the proposed transferee to Franchisee or to any principal of Franchisee). Moreover, Franchisor or its nominee shall have not less than sixty (60) days from the delivery of Franchisor's notice of exercise to consummate the transfer. If Franchisor elects not to exercise its right of first refusal and consents to the proposed transferee, Franchisee may consummate the proposed transfer, but only upon the terms and conditions set forth in the notice submitted to Franchisor.

### **D. DEATH OR DISABILITY**

(1) Death. If Franchisee dies or is permanently disabled in a manner that prohibits operation of the Jazercise Dance Fitness Program, the Survivor shall, within ninety (90) days of such death or determination of permanent disability, either meet all of the qualifications required of a Jazercise business owner franchisee or shall transfer this Agreement in accordance with the requirements of this Section. This right shall be conditioned upon the following:

(a) Franchisee's estate continuing to secure certified Jazercise instructors to conduct Franchisee's classes until the sale is consummated;

- (b) Franchisee's representative must deliver to Franchisor a bona fide offer in writing to sell the franchise within the ninety (90) day period;
- (c) Franchisee must be current in the payment of all sums due Franchisor under this Agreement and all other agreements, if any, between Franchisor and Franchisee, and in the rendering of all accountings as required; and
- (d) In the event the franchise is not sold within the ninety (90) day period, any and all rights pursuant to this Franchise Agreement shall automatically terminate. Franchisor shall have the right to appoint and license a new franchisee to conduct the Jazzercise Dance Fitness Program previously conducted by Franchisee in the same facilities and locations, without compensation to Franchisee's personal representatives, estate, heirs, beneficiaries or assigns.

(2) Disability. In the event Franchisee becomes disabled, as certified by a physician, Franchisee shall retain this franchise provided Franchisee continues to secure certified Jazzercise instructors acceptable to Franchisor during the period of disability. In the event Franchisee's disability extends beyond twenty-four (24) weeks and Franchisee has not continued to secure instructors acceptable to Franchisor, then Franchisor shall have the right to terminate this Agreement and to appoint and license a new franchisee to conduct the Jazzercise Dance Fitness Program previously conducted by Franchisee in the same facilities and locations, without compensation to Franchisee.

## **15. INDEMNIFICATION OF FRANCHISOR**

Franchisee shall, during the term of this Agreement and after the termination or expiration of this Agreement, protect, defend, indemnify and hold Franchisor, and its affiliates and associates, officers, directors, managers, shareholders, members, employees, agents, representatives and assignees harmless against any and all liability for all claims of every kind or nature arising in any way out of or relating to Franchisee's actions or failure to act, whether personal or in connection with the operation of the Jazzercise Dance Fitness Program, any other actions or failure to act by Franchisee, its agents or representatives or any breach of this Agreement. For purposes of this indemnification, "**claims**" means and includes all obligations, actual and consequential damages, losses, claims, demands, liens, reckonings, accounts and costs incurred in the defense of any claim (such as, by way of illustration, but not limitation, accountants', attorney's and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses). Franchisor shall have the right to defend any such claim against it with counsel of its own choosing. Franchisee shall have no right to settle or refuse to settle any claim; Franchisor shall retain all right to do so. In addition, Franchisee agrees to cooperate fully with Franchisor in any other claims brought by or against Franchisor.

## **16. MISCELLANEOUS**

### **A. FORCE MAJEURE**

In the event of a natural disaster such as an earthquake, flood, hurricane or fire or a strike, lockout or labor controversy or the happening of any extraordinary event beyond the control of one of the parties which results in the inability of that party to operate or to provide the services contemplated by this Agreement, the obligation on the part of that party to operate or to provide such services shall be postponed during the period when such party is unable to do so; provided, however, that this provision shall not affect a party's obligation to make payments required by this Agreement; and provided, further, that in no event shall such postponement last longer than six (6) months.

### **B. GRAMMAR**

The masculine of any pronoun will include the feminine and the neuter thereof, and the singular of any noun or pronoun shall include the plural, or vice versa, wherever the context requires.

### **C. INTERPRETATION**

References in the Agreement to actions, rights, decisions or options to be exercised in Franchisor's discretion shall mean the sole, absolute and unfettered discretion of Franchisor. When calculating the date upon which or the time within which any act is to be done, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a business day, the period in question shall end on the next business day. The terms of this Agreement shall not be interpreted or construed in favor of or against any party on the ground that one party was the draftsman hereof.

### **D. SECTION HEADINGS**

Section headings are for convenience of reference only and should not be construed as part of this Agreement nor should they limit or define the meaning of any provision herein.

### **E. NONWAIVER**

No failure by either party to take action on account of any default of the other party, whether in a single instance or repeatedly, and no course of dealing of the parties in variance with the terms hereof constitutes a waiver of any such default or of the performance required of either party by this Agreement. No express waiver by either party of any provision or performance hereunder or of any default by the other party constitutes a waiver of any other or future provision, performance or default. No waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party. The parties may in their sole respective discretion elect from time to time to waive obligations of one another under this Agreement upon such terms and

conditions as they may, in their sole respective discretion, set forth in such written waiver.

**F. NO EXEMPLARY DAMAGES**

Neither party to this Agreement shall assert against the other party any claim for special, exemplary or punitive damages arising out of the Franchisor-Franchisee relationship, the formation or performance of this Agreement, any breach of this Agreement, or the operation of the Jazercise Dance Fitness Program.

**G. INVALIDITY AND SEVERABILITY**

If any provision or portion of a provision of this Agreement is determined to be invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision or portion thereof shall be deemed modified to the extent necessary to render the same valid, or as not applicable to the given circumstances, or to be excised from this Agreement, as the situation may require, and this Agreement shall be construed and enforced as if such provision or portion thereof had been included herein as so modified in scope or application, or had not been included herein, as the case may be, it being the stated intention of the parties that had they known of such invalidity or unenforceability at the time of entering into this Agreement, they would have nevertheless contracted upon the terms contained herein, either excluding such provisions, or portions thereof, or including such provisions or portions thereof only to the maximum scope and application permitted by law, as the case may be. In the event such total or partial invalidity or unenforceability of any provision or portion thereof of this Agreement exists only with respect to the laws of a particular jurisdiction, this Section will operate upon such provision or portion thereof only to the extent that the laws of such jurisdiction are applicable.

**H. NOTICES**

Any notice or demand given or made pursuant to the terms of this Agreement will be made in writing and delivered by personal service, facsimile, e-mail, overnight delivery, or first class, registered or certified mail (postage prepaid) to such address as may be designated from time to time by the relevant party, and which will initially be as set forth as follows:

If given to Franchisor:

Jazercise, Inc.  
2460 Impala Drive  
Carlsbad, CA 92010  
Telephone: (760) 602-7142  
Facsimile: (760) 602-7180  
Attn: Sally Baldridge  
Email: [sbaldridge@jazercise.com](mailto:sbaldridge@jazercise.com)

If given to Franchisee:

As listed in The Studio

Any notice sent by certified mail will be deemed to have been given three (3) days after the date on which it is mailed. All other notices will be deemed given when sent if sent by facsimile or e-mail or personal delivery, and one (1) business day after being sent by overnight mail. No objection may be made to the manner of delivery of any notice actually received in writing by an authorized agent of a party.

**I. ENTIRE AGREEMENT; MODIFICATION**

This Agreement, any documents executed contemporaneously herewith which expressly reference this Agreement and any documents referred to herein constitute and contain the entire Agreement and understanding of the parties with respect to the subject matter hereof. There are no representations, undertakings, agreements, terms, or conditions not contained or referred to herein; provided, however, that nothing in this Agreement is intended to disclaim the representations made in the Franchise Disclosure Document furnished to Franchisee. This Agreement supersedes and extinguishes any prior written agreement between the parties or any of them relating to the subject matter hereof, provided that it shall not abrogate, impair, release or extinguish any debt, obligation or liability otherwise existing between the parties. This Agreement may not be modified or amended except by a written amendment executed by both parties.

**J. CONTROLLING LAW; DISPUTE RESOLUTION; ATTORNEYS' FEES AND EQUITABLE RELIEF**

(1) This Agreement, including all matters relating to the validity, construction, performance, and enforcement thereof, shall be governed by the laws of California without giving effect to its provision regarding choice of laws; provided, however, that the Lanham Act (15 U.S.C. 1051 *et seq.*) shall also apply to the provisions concerning the Marks. Nothing in this section is intended, or shall be deemed, to make the California Franchise Investment Law or the California Franchise Relations Act or any other law apply to this Agreement, or the transactions or relationships contemplated hereby, if such law would not otherwise be applicable.

(2) Except as provided in subsection (5) below, upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof, excluding disputes relating to non-curable defaults and quality control defaults, (in each case, a "**Dispute**"), the Dispute shall first be submitted to mediation on an expedited, administered by the American Arbitration Association ("AAA") in the city in which Franchisor's headquarters is then located, for mediation in accordance with its commercial rules and procedures which are in effect at the time the mediation is filed. The party seeking mediation must submit the following in addition to any demand or filing required by AAA: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated

in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the dispute. Either party may commence mediation by providing to AAA and the other party a written request for mediation, setting forth the subject of the Dispute and the relief requested, with the expectation that the first mediation session shall occur within thirty (30) days of such written request. The parties will cooperate with AAA and with one another in selecting a neutral mediator from the AAA panel of neutrals and in scheduling the mediation proceedings. The mediator must be a retired judge or an attorney experienced in commercial transactions. If the parties are unable to select the mediator within ten (10) business days after receipt of the mediation notice by AAA, then AAA shall designate the mediator. The parties covenant that they will (i) participate in the mediation in good faith, (ii) share equally in the costs of the mediator and AAA administrative costs, and (iii) pay in advance the estimated fees and costs of the mediation, as may be specified in advance by the mediator. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by any of the parties, their respective agents, employees, experts and attorneys, and by the mediator and any AAA employees, are confidential, privileged and inadmissible for any purpose, including without limitation, impeachment, in any reference, arbitration, litigation or other proceeding involving the parties; provided, however, that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation. In the event it is necessary, any party may file a motion in a court of competent jurisdiction to compel the other party to participate in the mediation and the prevailing party shall be awarded its costs and expenses, including reasonable attorney's fees in connection with such motion. If the Dispute is not resolved within ten (10) business days after the first mediation session, either party may (a) give written notice to AAA and the other party that the mediation is terminated and (b) submit any remaining Disputes to binding arbitration pursuant to Section 16J(3) below.

(3) If the parties are unable to resolve the Dispute pursuant to subsection 16J(2) above, then the parties may submit the Dispute to final and binding arbitration in, the city in which Franchisor's headquarters is then located, administered by AAA, or its successor, in accordance with the rules and procedures of AAA then in effect. Any party may commence the arbitration process by filing a written demand for arbitration with AAA, with a copy to the other party. The party seeking arbitration must submit the following in addition to any demand or filing required by AAA: a full and specific description of the claim(s) under this Agreement including without limitation an identification of the specific provisions that the other party has breached, documentary evidence of the facts alleged by the complaining party and a declaration under penalty of perjury that all facts stated in the claim and documentation are true and correct and do not fail to state facts known to the complaining party that are material to the determination of the Dispute. The parties agree that any and all Disputes that are submitted to arbitration in accordance with this Agreement shall be decided by one (1) neutral arbitrator who is a retired judge or attorney who is experienced in commercial transactions. If the parties are unable to agree on an arbitrator, AAA shall designate the arbitrator. The parties will cooperate with AAA and with one another in selecting the arbitrator and in scheduling the arbitration proceedings in accordance with applicable

AAA procedures. Any award issued as a result of such arbitration shall be final and binding and shall be enforceable by any court having jurisdiction over the party against whom enforcement is sought. The parties expressly acknowledge and understand that by entering into this Agreement, they each are waiving their respective rights to have any Dispute between the parties hereto adjudicated by a jury.

(4) The parties recognize that their relationship is unique and that each franchisee is situated differently from all other franchisees, and that no one franchisee can adequately represent the interest of others. Therefore, the parties agree that any arbitration, suit, action or other legal proceeding shall be conducted and resolved on an individual basis only and not on a class-wide, multiple plaintiff, consolidated or similar basis.

(5) The prevailing party in any legal proceeding will be entitled to recover as an element of such party's cost of arbitration, suit or proceeding, and not as damages, reasonable attorney's fees to be fixed by the arbitrator or by the court. Nothing in this Agreement shall be construed as limiting or precluding either party from bringing any action in any court of competent jurisdiction for injunctive or other extraordinary relief, without the necessity of posting a bond (and if bond shall nevertheless be required, the parties agree that the sum of One Hundred Dollars (\$100.00) shall be sufficient bond), in connection with the Marks, Trade Dress, Proprietary Information or Trade Secrets. The parties shall have the immediate right to seek such injunctive or other extraordinary relief at any time, including without limitation, during the pendency of an arbitration or other proceeding. This covenant shall be independent, severable and enforceable notwithstanding any other rights or remedies which such party may have.

## **K. RELATIONSHIP OF PARTIES**

(1) Nothing herein contained shall be deemed or construed to create the relationship of principal and agent, partnership, joint venture or employment, or a fiduciary relationship, and neither party shall hold itself out as an agent, legal representative, partner, subsidiary, joint venturer, servant or employee of the other party or its affiliate. With respect to all matters pertaining to the operation of the business conducted hereunder, Franchisee is, and shall be, an independent contractor. Neither Franchisor nor Franchisee has the right to bind or obligate the other to any obligations or debts.

(2) It is acknowledged that Franchisee is the independent owner of its business, shall be in full control thereof, and shall conduct such business in accordance with its own judgment and discretion, subject only to the provisions of this Agreement. Franchisee shall conspicuously identify itself as the independent owner of its business and as a franchisee of Franchisor. No party hereto shall be obligated by, or have any liability for, any agreements, representations or warranties made by the other nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's business, whether caused by Franchisee's negligent or willful action or failure to act. Neither party shall have liability for any sale, use, excise, income, property or other tax levied upon the business conducted by the

other party or in connection with the services performed or business conducted by it or any expenses incurred by it.

(3) Franchisee's employees are under Franchisee's sole control. Franchisor is not the employer or joint employer of Franchisee's employees. Franchisor will not exercise direct or indirect control of Franchisee's employees' working conditions. Franchisor does not share or codetermine the terms and conditions of employment of Franchisee's employees or participate in matters relating to the employment relationship between Franchisee and its employees, such as hiring, promotion, demotion, termination, hours or schedule worked, rate of pay, benefits, work assigned, discipline, response to grievances and complaints or working conditions. Franchisee has sole responsibility and authority for these terms and conditions of employment. Franchisee must notify and communicate clearly with its employees in all dealings, including, without limitation, its written and electronic correspondence, paychecks, and other materials, that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer.

#### **L. COMPLIANCE WITH LOCAL LAW**

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and shall be enforced as originally made and entered into in all other jurisdictions. Franchisor reserves the right to challenge the applicability of any such law or rule.

#### **M. SPOUSAL ACKNOWLEDGEMENT**

Franchisee's spouse shall execute a spousal acknowledgement in the form attached hereto as **Exhibit "B"**.

#### **N. STATUTE OF LIMITATIONS**

The parties hereby acknowledge and agree that any suit, action or other proceeding relating to this Agreement must be brought within one (1) year after the occurrence of the act or omission that is the subject of the suit, action or other legal proceeding.

#### **O. REPRESENTATIONS AND WARRANTIES**

(1) Franchisee represents and warrants to Franchisor that neither Franchisee nor any of its affiliates or the funding sources for either is a Specially Designated National or Blocked Person. Neither Franchisee nor any of its affiliates is directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government. Neither Franchisee nor any of its affiliates is acting on behalf of a government of any country that is subject to such an embargo.

Franchisee further represents and warrants that it is in compliance with any applicable anti-money laundering law, including, without limitation, the USA Patriot Act.

(2) Franchisee represents and warrants to Franchisor that execution and delivery of this Agreement and the performance of Franchisee's obligations hereunder, does not: (i) conflict with, violate, result in a breach of or constitute a default (or an event which, with notice or passage of time or both, would constitute a default) under, or result in the termination or in a right of termination or cancellation of, any other agreement to which Franchisee is party or by which Franchisee, or any of its assets may be bound; (ii) violate any order, writ, injunction, decree, judgment or ruling of any court or governmental authority; or (iii) violate any applicable law.

(3) Franchisee represents and warrants to Franchisor that Franchisee has received a copy of the form of this Agreement and the Franchise Disclosure Document at least fourteen (14) days before signing this Agreement and has had ample opportunity to consult with his or her attorney and other advisors with respect thereto, review the business of Franchisor, review and understand the terms and conditions of this Agreement, and investigate the nature of Franchisee's anticipated business. In addition, Franchisee is currently a Jazzercise franchisee or has had an opportunity to contact existing Jazzercise franchisees.

(4) Franchisee represents and warrants to Franchisor that Franchisee is a U.S. citizen or is otherwise authorized under U.S. law to work in the United States.

(5) Franchisee agrees that it will notify Franchisor in writing immediately upon the occurrence of any event that would render the foregoing representations and warranties of this Section incorrect.

## **17. ACKNOWLEDGMENTS**

Franchisee acknowledges and represents the following to Franchisor to induce it to enter into this Agreement:

**A. THE EFFECTIVENESS OF THIS AGREEMENT IS DEPENDENT UPON FRANCHISEE SUCCESSFULLY COMPLETING THE INITIAL TRAINING. SHOULD FRANCHISEE FAIL TO COMPLETE THE INITIAL TRAINING PROGRAM TO FRANCHISOR'S SATISFACTION, FRANCHISOR MAY TERMINATE THIS AGREEMENT;**

**B. FRANCHISEE HAS READ THIS AGREEMENT AND THE FRANCHISE DISCLOSURE DOCUMENT AND ALL OTHER RELATED AGREEMENTS AND DOCUMENTS AND UNDERSTANDS AND ACCEPTS THE TERMS, CONDITIONS, AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLY NECESSARY TO MAINTAIN THE SYSTEM'S HIGH STANDARDS OF QUALITY AND SERVICE AND THE UNIFORMITY OF THOSE HIGH STANDARDS BY ALL FRANCHISEES IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR OR ITS**

REPRESENTATIVES HAVE FULLY AND ADEQUATELY EXPLAINED THE PROVISIONS OF SUCH DOCUMENTS TO THE SATISFACTION OF FRANCHISEE;

C. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. FRANCHISEE RECOGNIZES THAT THE NATURE OF THE BUSINESS MAY EVOLVE AND CHANGE OVER TIME, THAT AN INVESTMENT IN THE BUSINESS INVOLVES BUSINESS RISKS AND THAT THE SUCCESS OF THE VENTURE DEPENDS PRIMARILY UPON FRANCHISEE'S INDIVIDUAL AND INDEPENDENT BUSINESS ABILITY AND EFFORTS. FRANCHISEE UNDERSTANDS THAT THE JAZZERCISE DANCE FITNESS PROGRAM IS A CONCEPT THAT ENTAILS BUSINESS RISKS. FRANCHISEE HAS CONSULTED WITH SUCH PROFESSIONAL ADVISORS OF FRANCHISEE'S CHOOSING AS FRANCHISEE DEEMS NECESSARY, INCLUDING LEGAL COUNSEL, REGARDING ALL ASPECTS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT, ALL RELATED AGREEMENTS AND THE BUSINESS RELATIONSHIP CREATED THEREBY, AND TO DETERMINE THAT FRANCHISEE IS FINANCIALLY PREPARED TO ASSUME THE RISKS THAT MAY BE INVOLVED IN SUCH A BUSINESS VENTURE;

D. FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY PROMISE, REPRESENTATION, GUARANTY OR WARRANTY, EXPRESSED OR IMPLIED, ABOUT THE POTENTIAL VOLUME, REVENUES, PROFITS, OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT;

E. FRANCHISEE IS AWARE OF THE FACT THAT SOME PRESENT OR FUTURE FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY, THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS FRANCHISEES MAY DIFFER MATERIALLY;

F. NO REPRESENTATIONS HAVE BEEN MADE OR AUTHORIZED BY FRANCHISOR, OR BY ITS OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS OR OTHER REPRESENTATIVES, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT HERETOFORE RECEIVED BY FRANCHISEE OR TO THE TERMS CONTAINED IN THIS AGREEMENT, AND FRANCHISEE HAS NOT RELIED UPON ANY OTHER SUCH REPRESENTATIONS;

G. IN ALL OF THEIR DEALINGS WITH FRANCHISEE, THE OFFICERS, DIRECTORS, MANAGERS, SHAREHOLDERS, MEMBERS, EMPLOYEES, PERSONNEL, AGENTS AND REPRESENTATIVES OF FRANCHISOR ACT ONLY IN A REPRESENTATIVE CAPACITY, NOT IN AN INDIVIDUAL CAPACITY, AND THIS AGREEMENT, AND ALL BUSINESS DEALINGS BETWEEN FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT, ARE SOLELY BETWEEN FRANCHISEE AND FRANCHISOR;

H. FRANCHISEE ACKNOWLEDGES THAT IN EACH CASE IN WHICH FRANCHISOR MAY EXERCISE ANY OPTION OR OTHER RIGHT UNDER THIS AGREEMENT OR UNDER ANY AGREEMENT CONTEMPLATED HEREBY, FRANCHISOR MAY DO SO IN ITS SOLE DISCRETION, WITHOUT LIABILITY OR OTHER OBLIGATION. SO AS TO PRESERVE THE FLEXIBILITY TO DEAL WITH PRACTICAL SITUATIONS, FRANCHISOR MAY, IN ITS SOLE DISCRETION, ELECT TO NOT ENFORCE (OR TO SELECTIVELY ENFORCE) ANY PROVISION OF THIS AGREEMENT, OR ANY OTHER AGREEMENT, ANY POLICY OR OTHERWISE, WHETHER WITH RESPECT TO FRANCHISEE OR ANY OTHER FRANCHISEE OR OTHERWISE, AND FRANCHISOR MAY APPLY DIFFERENT POLICIES TO ANY FRANCHISEE, ALL WITHOUT LIABILITY OR OTHER OBLIGATION, AND ANY SUCH ACTS OR OMISSIONS WILL NOT LIMIT OR OTHERWISE AFFECT FRANCHISOR'S RIGHTS, WHETHER TO ENFORCE THIS AGREEMENT STRICTLY OR OTHERWISE; AND

I. THE APPLICATION MADE BY FRANCHISEE IS TRUE AND CORRECT. FRANCHISEE HAS MADE NO INCORRECT STATEMENT IN THE APPLICATION OR FAILED TO MAKE ANY STATEMENT THAT WOULD BE NECESSARY TO MAKE THE STATEMENTS IN THE APPLICATION NOT MISLEADING.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date stated on the first page hereof.

**Franchisor:**

**JAZZERCISE, INC.,**  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary

**Franchisee:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT A**  
**GEOGRAPHIC AREA**

Description: \_\_\_\_\_

EXHIBIT B  
SPOUSAL ACKNOWLEDGEMENT

The undersigned each being the spouse of a Franchisee hereby states

- 1) That he or she has read and understands the Franchise Agreement and the Franchise Disclosure Document; and
- 2) That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer; and
- 3) That he or she consents to execution of the Franchise Agreement by Franchisee.

Dated: \_\_\_\_\_ Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF ILLINOIS**

1. The following language is added to Subparagraph 15J(1) of the Franchise Agreement for Associates and Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners:

"Provided, however, that the provisions of the Illinois Franchise Disclosure Act will govern franchises located in the State of Illinois. Section 41 of the Illinois Franchise Disclosure Act states that `any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this state is void.'"

2. The following language is added to Subparagraph 15J(3) of the Franchise Agreement for Associates and Subparagraph 16J(3) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners:

"The parties acknowledge that Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois."

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MARYLAND**

1. The following provisions are hereby added to Subparagraphs 1E(2)(e) and 14B(4)(g) of the Franchise Agreement for Class Owners, Subparagraph 14B(4)(g) of the Franchise Agreement for Business Owners and Subparagraphs 1D(2)(d) and 13B(4)(e) of the Franchise Agreement for Associates:

"The general release required as a condition of renewal, sale and/or assignment shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. The following sentence is hereby added to Paragraph 16J of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Paragraph 15J of the Franchise Agreement for Associates:

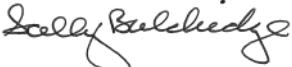
"Nothing in this paragraph shall prohibit a franchisee in Maryland from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law, provided that any claims arising such law shall be brought within three (3) years after the grant of a franchise."

3. The following sentence is hereby added to Paragraph 16O of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners, and to Paragraph 15N of the Franchise Agreement for Associates:

"All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law. These representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

Dated: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Instructor No: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NEW YORK**

The following language is added to Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Subparagraph 15J(1) of the Franchise Agreement for Associates:

“However, this choice of law should not be considered a waiver of any rights conferred by the provisions of Article 33 of the New York State General Business Law.”

The provisions of this Addendum only apply if the jurisdictional requirements of the New York Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NORTH DAKOTA**

1. Subparagraph 1E(2)(e) of the Franchise Agreement for Class Owners and Subparagraph 1D(2)(d) of the Franchise Agreement for Associates are deleted.
2. The following language is added to Subparagraph 16J(1) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and to Subparagraph 15J(1) of the Franchise Agreement for Associates:

“Provided, however, that in the event there is a conflict between California law and North Dakota Law, then North Dakota Law will prevail.”
3. The first sentence of Subparagraph 16J(3) of the Franchise Agreement for Class Owners and the Franchise Agreement for Business Owners and of Subparagraph 15J(3) of the Franchise Agreement for Associates is deleted and replaced with the following:

“If the parties are unable to resolve the Dispute pursuant to subparagraph (2) above, then the parties may submit the Dispute to final and binding arbitration. The arbitration shall take place at a location agreeable to the parties and may not be remote from Franchisee's place of business. If the parties cannot agree on a location, the site of the arbitration shall be determined by the rules of the American Arbitration Association.”

The provisions of this Addendum only apply if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

Dated: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

FRANCHISEE:

By: 

By: \_\_\_\_\_

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

Name: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE AGREEMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

# **EXHIBIT G**

## The Studio Navigation

Title	Type	Length
2022 Movement Screening Videos	Video	2 videos
About Your Franchise	Docs./PDF	31 pages
Application Process	Document	1 page
Babysitting	Video	3 videos
Be an Amazing Associate	Video	4 videos
Brand & Studio Guidelines	PDF	40 pages
Brand Assets	Document	10 pages
Branded Social Posts	Document	1 page
Business Center Definitions	Document	1 page
Business Center FAQ	Document	19 pages
Business Center Overview - Class Owners	PDF/Video	17 pages
Business Center Resources	PDF	98 pages
CFF	Document	1 page
Childcare	PDF	4 pages
Class Formats	Document	11 pages
Class Schedule	Doc/PDF	5 pages
COVID-19	Doc./PDF	33 pages
Current Promotions	Document	8 pages
Equipment Vendors	Document	1 page
Facility Types	Document	4 pages
Groupon	Doc./PDF	5 pages
Jazzercise On Demand	PDF	3 pages
Junior Jazzercise	Doc./PDF	33 pages
Let's Chat	Doc./PDF	9 pages
Live Streaming	PDF/Video	10 pages
LO	Doc./PDF	8 pages
Marketing Vendors	Document	1 page
myJazzercise	PDF/Video	13 pages
New Franchisee Training	Doc/PDF	2 pages
OneTouchPoint	PDF	2 pages
Owning a Center Facility	PDF	3 pages
Owning a Satellite Facility	PDF	6 pages
Personal Touch	PDF	6 pages
PR/Media	Doc./PDF	15 pages
Recruiting Basics	Doc./PDF	3 pages
Routines Database	PDF/Video	9 pages
Sales Managers	Doc.	2 pages
Social Media	Doc./PDF/Video	60 pages
Teaching Basics	Doc.	4 pages

The Art of Teaching	Doc./PDF/Video	4 pages
The Budget	Doc.	1 page
Training Materials	Doc./PDF/Video	50 pages
Your Playlist	PDF	2 pages
Your Set	Doc./PDF	63 pages
<b>TOTAL</b>		<b>608 pages/videos</b>

# **EXHIBIT H**

**WISCONSIN**  
**Current Franchisees as of December 31, 2021**

	First Name	Last Name	Address	City	State	Zip	Phone (Primary)
1	Samantha	Atwell	1625 N Elinor St	Appleton	WI	54914	(920) 216-3925
2	Kathryn	Kuehl	8940 N. Malibu Drive	Bayside	WI	53217	(414) 916-2248
3	Suzette	Wolfmeyer	W237 S7590 High Point Ct	Big Bend	WI	53103	(262) 206-4422
4	Jennifer	Flitter	N817 Moraine Dr.	Campbellsport	WI	53010	(920) 948-6945
5	Rebecca	Siler	308 Huntington Drive	Cedarburg	WI	53012	(262) 994-0078
6	Jo	Woodcock	4425 Hickory Hills Rd.	Chilton	WI	53014	(920) 810-0315
7	Cynthia	Kallstrom	312 N 7th St	Colby	WI	54421	(715) 223-6653
8	Shannon	Giacomini	625 Ridge Dr	Colgate	WI	53017	(262) 305-8097
9	Patty	Johnson	3844 Oak Ridge Court	Colgate	WI	53017	(262) 573-1165
10	Renee	Borchert	1016 Hoks Ridge Lane	De Pere	WI	54115	(517) 376-2809
11	Anne	Hoefflin	601 Genessee Street #304	Delafield	WI	53018	(262) 303-4853
12	Linda	Andrews	205 Randolph St	Edgerton	WI	53534	(608) 884-9365
13	Kelly	Severson	2519 Carriedale Ct.	Fitchburg	WI	53711	(608) 469-7007
14	Kathy	Yates	9867 South 35th Street	Franklin	WI	53132	(414) 587-0810
15	Geri	Goodman	512 Maple St.	Ft. Atkinson	WI	53538	(920) 568-9388
16	Richele	Wendt	N1660 Maxwell Way	Ft. Atkinson	WI	53538	(920) 723-3049
17	Joanna	Grossi	N115w15310 Potomac Circle	Germantown	WI	53022	(262) 993-0379
18	Leah	Darling	2471 W. Wingate Ave	Glendale	WI	53209	(414) 587-0369
19	Ai	Niiyama	1065 W. Acacia Rd.,	Glendale	WI	53217	(262) 353-1125
20	Carol	Cassell	1518 River Pines Drive	Green Bay	WI	54311	(920) 246-0089
21	Mary Ann	Foster	3007 Autumn Leaves Circle	Green Bay	WI	54313	(603) 369-9443
22	Megan	Valley	1767 Boland Rd.	Green Bay	WI	54303	(920) 819-3049
23	Kathleen (Kathy)	Davis	5661 Forest Ct	Greendale	WI	53129	(414) 421-8934
24	Elizabeth	Garcia	957 Juniper Ln	Hartford	WI	53027	(262) 226-6978
25	Janna	Grosse	226 Branch St	Hartford	WI	53027	(262) 224-2578
26	Jennifer	Kastner	2439 County Road Cc	Hartford	WI	53027	(262) 644-0779
27	Mary	Kowalke	1471 East Sumner Apt 2	Hartford	WI	53027	(262) 352-3107
28	Amanda	Moore	267 Acadia Ave	Hartford	WI	53027	(262) 707-8119
29	Lisa	Rynish	6154 First St	Hartford	WI	53027	(262) 893-3149
30	Lindsay	Thelen	7364 Ireland Dr	Hartford	WI	53027	(715) 864-9127
31	Acsa	Buening	N70 W28882 Vernon Dr.	Hartland	WI	53029	(262) 538-0135
32	Leah	Karge	160 Crystal Dr	Hartland	WI	53029	(414) 405-6400
33	Megan	Kopp	1104 S Main St	Holmen	WI	54636	(608) 780-8103
34	Lindsay	Little	1320 Friess Lake Road	Hubertus	WI	53033	(262) 357-4404
35	Molly	Watson	1701 Industrial St #9	Hudson	WI	54016	(801) 455-7355
36	Nicole	Feucht	N4709 Lilac Road	Iron Ridge	WI	53035	(920) 988-2387
37	Paula	Klink	W2405 County Road S	Iron Ridge	WI	53035	(262) 994-1170
38	Karen	Boudry	N162W20253 Butternut Lane	Jackson	WI	53037	(414) 659-9331
39	Jovon	Serrano	N170W20283 Hunters Rd	Jackson	WI	53037	(262) 677-9480
40	Amanda	Drinkwater	303 Clark St.	Janesville	WI	53545	(608) 322-4010
41	Christine	Kenseth	3929 S Read Road	Janesville	WI	53546	(608) 201-9236
42	Christine	Langdok	2202 W Red Cedar Dr	Janesville	WI	53545	(608) 931-3403
43	Beth	Stirmel	2619 Kelso Dr	Janesville	WI	53546	(608) 436-2767
44	Jessica	Avery	7813 22nd Ave	Kenosha	WI	53143	(262) 412-2920
45	Mary	Baron	6302 - 43rd St., Unit #103	Kenosha	WI	53144	(262) 515-5937

46	Breanna	Gross	9225 7th Street	Kenosha	WI	53144	(262) 496-9488
47	Jen	Miller	10902 69th St	Kenosha	WI	53142	(262) 515-1259
48	Catherine	Ostrowski	6739 93rd Ct	Kenosha	WI	53142	(847) 638-0417
49	Lisa	Pinnola	6400 48th Avenue	Kenosha	WI	53142	(262) 620-4315
50	Carla	Resch	3837 48th Ave	Kenosha	WI	53144	(262) 237-7014
51	Connie	Ritchhart	10901 64th St	Kenosha	WI	53142	(847) 971-1124
52	Lauren	Yorgensen	7311 98th Ave	Kenosha	WI	53142	(262) 515-2884
53	Lindsay	Dahlberg	372 3rd St.	Kewaskum	WI	53040	(262) 573-7143
54	Katelyn	Mueller	3621 Hwy 28 East	Kewaskum	WI	53040	(262) 689-0990
55	Bekki	Scheel	N256 Riverside Drive	Kewaskum	WI	53040	(262) 339-9787
56	Rachael	Heeler	154 Hickory Court	Kiel	WI	53042	(920) 973-9520
57	Kirstin	Long	617 14th Street South	La Crosse	WI	54601	(608) 386-8395
58	Jennifer	Pretasky	1806 Eastwood Ln.	La Crosse	WI	54601	(608) 780-2737
59	Debbie	Schultz	2814 Blackhawk Place	La Crosse	WI	54601	(608) 397-6884
60	Jodi	Widuch	2555 Edgewood Pl	La Crosse	WI	54601	(608) 780-4647
61	Jennifer	Simmons	392 Country Club Drive	Lake Geneva	WI	53147	(847) 456-4517
62	Stephanie	Wagner	N71W27144 Hansen Drive	Lisbon	WI	53089	(414) 378-2997
63	Amanda	Maaser	W2216 County Road Y	Lomira	WI	53048	(920) 579-0343
64	Heidi	Aschenbrenner	4429 White Aspen Rd	Madison	WI	53704	(608) 237-2763
65	Jessica	Carter	4226 Barby Ln.	Madison	WI	53704	(608) 345-1370
66	Kerrie	Lentz	5022 Starker Avenue	Madison	WI	53716	(608) 609-7602
67	Amanda	McKay	3059 Snowcap Tr	Madison	WI	53719	(608) 497-0887
68	Amy	Kangas	2414 Valley Drive	Manitowoc	WI	54220	(920) 682-2574
69	Jessica	Schultz	4916 Roneta Lane	Manitowoc	WI	54220	(920) 682-6811
70	Karen	Friedrichsen	1221 W. Ives	Marshfield	WI	54449	(715) 387-1979
71	Brenda	Behlmer	W174N4939 Sheffield Ct	Menomonee Falls	WI	53051	(414) 688-7576
72	Jeanne	Thohan	11432 N. Justin Drive	Mequon	WI	53092	(262) 518-0385
73	Linda	Lepe	4420 Blackwolf Run	Middleton	WI	53597	(608) 345-4034
74	Briana	Fox	4108 S. 10th St.	Milwaukee	WI	53221	(414) 840-8356
75	Shoshana	Perlman	6611 W Spokane St	Milwaukee	WI	53223	(248) 250-2781
76	Terri	Brouchoud	1703 E. Hwy V	Mishicot	WI	54228	(920) 323-7518
77	Kristine	Jacobs	5905 Potomac Place	Mount Pleasant	WI	53406	(262) 681-2418
78	Michelle	Dietzler	W199S7867 Sanctuary Ct.	Muskego	WI	53150	(262) 682-4773
79	Elison	Elter	1995 E Shady Ln	Neenah	WI	54956	(412) 735-2521
80	Pamela	Feucht	121 Marilane Dr	Neosho	WI	53059	(262) 224-9254
81	Lisa	Cheaney	150 E. Lisa Drive	Oak Creek	WI	53154	(414) 750-5299
82	Kelly	Dorfner-Illemann	4208 47th Avenue	Oak Creek	WI	53144	(414) 213-4263
83	Susan	Riley	1417 E. Wild Ginger Way	Oak Creek	WI	53154	(414) 732-7902
84	Mary	Gross	W358n1621 Amy Lane	Oconomowoc	WI	53066	(262) 434-9271
85	Mary	Ladd	W354S2930 Manor House Court	Oconomowoc	WI	53066	(262) 424-9209
86	Ann	Lestina	891 Summer Creek Rd.	Oconomowoc	WI	53066	(262) 719-0711
87	Jessica	Monville	670 Seville Ct	Oconomowoc	WI	53066	(414) 234-6856
88	Nancy	Schwabe	506 W. Wisconsin Avenue	Oconomowoc	WI	53066	(262) 569-8726
89	Jennifer	Cook	835 Augusta Dr	Oregon	WI	53575	(760) 567-9320
90	Kylie	Kintopf	850 Harmel Ave	Oshkosh	WI	54902	(920) 312-1896
91	Sue	Krause-Sasse	700 S. Westfield St	Oshkosh	WI	54901	(920) 379-8664
92	Emily	Mueller-Flanigan	5699 State Rd 91	Oshkosh	WI	54904	(920) 379-3724
93	Susan	Ziegler	614 W Bent Ave.	Oshkosh	WI	54901	(920) 203-8571

94	Melissa	Case	W292 N3957 Fielding Lane	Pewaukee	WI	53072	(262) 370-5076
95	Jean	Derzay	1043 Oak Cir	Pewaukee	WI	53072	(414) 690-1998
96	Suzanne	Bruff	4124 124 Street	Pleasant Prairie	WI	53158	(262) 697-1466
97	Jen	Rothove	3825 114th place	Pleasant Prairie	WI	53158	(262) 697-5251
98	Denise	Cherkinian	3824 Canada Goose Crossing	Racine	WI	53403	(262) 554-9411
99	Simone	Fletcher	3768 North Bay Dr.	Racine	WI	53402	(262) 497-0532
100	Janet	Steimle	1520 Orchard St.	Racine	WI	53405	(262) 664-1576
101	Debbie	Klingeisen	1408 N County Rd J	Reedsdale	WI	54230	(920) 901-4116
102	Christine	Buffone	602 Columbia Ave.	S. Milwaukee	WI	53172	(414) 943-7737
103	Heidi	Berland	5500 Queens Way	Slinger	WI	53086	(262) 623-1890
104	Stefanie	Kowaleski	3324 County Road CC	Slinger	WI	53086	(262) 893-8620
105	Jessica	Sutter	632 Highview Dr.	Slinger	WI	53086	(262) 689-7949
106	Rachel	Ayulo	N56W24049 Holly Ct	Sussex	WI	53089	(414) 308-2432
107	Serena	Hitzelberger	N56W24049 Holly CT	Sussex	WI	53089	(262) 388-7387
108	Joanne	Kaminski	N71 W27166 Hansen Dr.	Sussex	WI	53089	(414) 732-6838
109	Jennifer	Oliaro	N64w27290 Maple St.	Sussex	WI	53089	(706) 254-7722
110	Jennifer	Stuettgen	N67W26375 Crest Dr	Sussex	WI	53089	(262) 434-0500
111	Karen	Klein	26931 104th Pl	Trevor	WI	53179	(262) 862-2737
112	Jennifer	Harteau	3403 Garfield St	Two Rivers	WI	54241	(920) 973-4158
113	Tressie	Hartwig	7053 Tannery Road	Two Rivers	WI	54241	(920) 323-0537
114	Holly	Harper	488 Prairie Way Blvd	Verona	WI	53593	(734) 660-2818
115	Erin	Heck-Picard	N7W27262 Jacquelyn Dr	Waukesha	WI	53188	(815) 276-3010
116	Christine	Kornburger	w246 S7490 Scotland Drive	Waukesha	WI	53189	(414) 690-7448
117	Patti	Kraling	W224N2357 Meadowood Lane	Waukesha	WI	53186	(262) 574-6988
118	Cathleen	Razner	2007 Windham Ct	Waukesha	WI	53186	(262) 549-1617
119	Kali	Behlmer	816 N 67th St	Wauwatosa	WI	53213	(414) 378-6875
120	Maureen	Halloran	535 N 121st Street	Wauwatosa	WI	53226	(262) 951-1293
121	David	Reiner	11244 W National Ave	West Allis	WI	53227	(414) 327-1606
122	Angela	Cassidy	7401 Frederick Pl	West Bend	WI	53090	(262) 689-2568
123	Nicole	Handel	3718 Pleasant Valley Rd	West Bend	WI	53095	(262) 224-6049
124	Dawn	Koch	1400 Poplar Street	West Bend	WI	53095	(262) 483-8484
125	Elizabeth	Kruschke	815 Steeple View Rd	West Bend	WI	53095	(262) 483-8994
126	Angie	Markham	4242 Beaver Dam Rd	West Bend	WI	53090	(262) 343-1225
127	Carol	Smiles-Fahs	3762 Hwy Nn	West Bend	WI	53095	(262) 353-3521
128	Bryana	Kudek	5727 Hillcrest Lane	West Bend	WI	53090	(262) 483-6486
129	Rebecca	Brudos	761 Lewis Street	West Salem	WI	54669	(608) 792-2735
130	Lynn	Borski	3741 7th St S	Wisconsin Rapids	WI	54494	(715) 572-2887
131	Cassandra	Timper	1911 3rd St S	Wisconsin Rapids	WI	54494	(715) 697-8574
132	Brianna	Ralston <sup>(1)</sup>	19B Woodmill Lane	Felton	CA	95018	(503) 713-9601
133	Donna	Guevara <sup>(1)</sup>	546 Florence St	Imperial Bch	CA	91932	(619) 948-3124
134	Donna	Ertz <sup>(1)</sup>	321 Granby Way, Unit B	Aurora	CO	80011	(402) 740-9377
135	Barbara	Hyttel <sup>(1)</sup>	6807 Stone River Rd Unit 104	Bradenton	FL	34203	(262) 880-2777
136	Cori	Sorrentino <sup>(1)</sup>	593 Needlegrass Pkwy	Antioch	IL	60002	(309) 826-1559
137	Kristi	Tarantino <sup>(1)</sup>	1754 Grove Street	Glenview	IL	60025	(773) 251-9018

<sup>(1)</sup> Franchisee operates business in Wisconsin

**FRANCHISEES WHO LEFT THE SYSTEM**  
**JANUARY 1, 2021 – DECEMBER 31, 2021**

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

	First Name	Last Name	City	State	Phone (Primary)
1	Luann	Fields	Fairhope	AL	(251) 422-2121
2	Kelly	Aubuchon	Hot Springs	AR	(501) 625-3260
3	Rene	Burns	Hot Springs	AR	(501) 622-7627
4	Jessica	Donnelly	Flagstaff	AZ	(928) 853-2655
5	Shawna	Unale	Flagstaff	AZ	(928) 863-6829
6	Melissa	Weidinger	Flagstaff	AZ	(928) 853-2661
7	Patricia	Wilson	Flagstaff	AZ	(928) 853-1842
8	Jeri	Hensel	Fountain Hills	AZ	(602) 739-7139
9	Sara	Medina	Gilbert	AZ	(602) 614-1844
10	Angela	Sjoberg	Gilbert	AZ	(402) 415-6166
11	Liesel	Archibald	Mesa	AZ	(480) 290-2897
12	Heather	Unger	Mesa	AZ	(602) 448-5355
13	Anna	Kurtz	Paradise Valley	AZ	(949) 933-6701
14	Spring	Lantagne	Phoenix	AZ	(602) 703-1332
15	Erin	Stockwell	Phoenix	AZ	(602) 317-0393
16	Chelsie	Weier	Phoenix	AZ	(602) 524-9448
17	Ally	Atkins	Tucson	AZ	(480) 567-6508
18	Joanellen	Wagner	Acton	CA	(661) 313-7225
19	Jane	Ramponi	Alamo	CA	(925) 831-3611
20	Alexa	Fealy	Apple Valley	CA	(714) 618-2053
21	Adriana	Escalante	Beaumont	CA	(626) 644-0573
22	Lynne	Cesario	Beaumont	CA	(951) 529-9366
23	Patricia	Beall	Bonita	CA	(619) 623-5492
24	Kimberly	Custodio	Boulder Creek	CA	(831) 246-0426
25	Ashley	Clarke	Carlsbad	CA	(760) 207-6073
26	Grace	Driscoll	Carlsbad	CA	(760) 845-6688
27	Joy	De la Paz	Cerritos	CA	(714) 394-1592
28	Denon	Alderson	Chula Vista	CA	(310) 402-1133
29	Judith	Holtz	Concord	CA	(503) 891-0480
30	Sarah	Blumling	Corte Madera	CA	(415) 702-5061
31	Judy	Reynolds	Crescent City	CA	(707) 487-6385
32	Marisa	Montoya Marken	Dana Point	CA	(714) 785-6278
33	Nimfa	Gregorios	Dublin	CA	(925) 353-8297
34	Anne	Hewitt	El Dorado Hills	CA	(916) 425-6190
35	Jane	Johnson	Emeryville	CA	(510) 289-8175
36	Nicole	Gunn	Encinitas	CA	(313) 410-2172
37	Theresa	Dunbar	Escondido	CA	(760) 715-3839
38	Jackie	Shipley	Escondido	CA	(760) 739-9932
39	Donna	Enriquez	Fremont	CA	(510) 797-0143
40	Theodor	Tegenkamp	Glendale	CA	(818) 415-5278

41	Susan	Haaz	Granada Hills	CA	(818) 488-9339
42	Elizabeth	Vargas	HEMET	CA	(951) 201-8033
43	Trisha	Clark	Hesperia	CA	(760) 948-6350
44	Mary Jo	Fouche	Huntington Beach	CA	(714) 861-0509
45	Linda	Webster	Huntington Beach	CA	(310) 614-5864
46	Karen	Hogenauer	Laguna Beach	CA	(949) 244-0550
47	Joanne	Harris	Lancaster	CA	(661) 886-5164
48	Sarah	Thrasher <sup>(1)</sup>	Lemoore	CA	(316) 249-2335
49	Mary Ann	Heyde	Lincoln	CA	(530) 277-1030
50	Nicole	Kidd	Lodi	CA	(209) 329-5140
51	Franci	Segura Cisneros	Lodi	CA	(209) 298-0727
52	Esther	Simas	Lodi	CA	(209) 329-0260
53	Melissa	Cowperthwaite	Martinez	CA	(925) 360-8581
54	Jennifer	Waters	Menifee	CA	(951) 306-7766
55	Aryn	Ruhmke	Murrieta	CA	(951) 816-0917
56	Kelli	Foster	Penn Valley	CA	(530) 559-2127
57	Carla	Baker	Playa Vista	CA	(310) 733-8048
58	Tammy	Bandel	Poway	CA	(415) 717-6563
59	Andrea	Schmidt	Poway	CA	(619) 822-0705
60	Jennifer	Maddox	Rancho Cucamonga	CA	(404) 414-3031
61	Jacqueline	Lesch	Riverside	CA	(951) 202-3247
62	Lauren	Smith	San Clemente	CA	(949) 683-4486
63	Monica	Mora	San Diego	CA	(619) 908-9950
64	April	Sutton	San Luis Obispo	CA	(805) 748-3978
65	Jacqueline	Ankumah	San Mateo	CA	(650) 228-4570
66	Susan	Galine	San Mateo	CA	(650) 464-8103
67	Sheila	Wallace	San Ramon	CA	(925) 325-6291
68	Dolores	Colon	Santa Rosa	CA	(707) 328-0914
69	Ana	Sampen	South Lake Tahoe	CA	(530) 545-8292
70	Vanessa	Kealy <sup>(2)</sup>	Temecula	CA	(760) 500-2133
71	Erika	Stites	Temecula	CA	(951) 696-6814
72	Karen	McEachron	Thousand Oaks	CA	(310) 480-9997
73	Cynthia Ann	Smith	Thousand Oaks	CA	(805) 493-4620
74	Lisa	Vasquez	Tracy	CA	(209) 814-9612
75	Lisa	Osterthaler	Vacaville	CA	(707) 330-3320
76	Rachell	Clements	Ventura	CA	(805) 455-4428
77	Regan	Kerwin	Vista	CA	(760) 547-3815
78	Maria	White	Yountville	CA	(707) 210-2128
79	Arrianne	Bell	Yucaipa	CA	(909) 797-7701
80	Jamie	Carrillo	Yucaipa	CA	(909) 790-6568
81	Christine	Difalco	Yucca Valley	CA	(760) 660-5274
82	Debbie	Pedersen	Yucca Valley	CA	(760) 218-1221
83	Debra	Parcheta	Aurora	CO	(303) 246-7926
84	Mary	Haley	Boulder	CO	(303) 786-7552

85	Amber	Kilby	Dillon	CO	(262) 707-1927
86	Elizabeth	Peebles	Fort Collins	CO	(970) 988-6053
87	Susan	Berry Weese	Golden	CO	(303) 279-6203
88	Lindsey	Grebe	Highlands Ranch	CO	(402) 689-4660
89	Milena	Nichols	Lafayette	CO	(303) 668-1591
90	Lisa	Wolf	Lakewood	CO	(720) 535-1786
91	Sara	Armstrong	LaSalle	CO	(970) 324-7250
92	Jennifer	Knopf	Littleton	CO	(303) 475-3507
93	Jennifer	Wayne	Littleton	CO	(303) 919-9143
94	Kelsey	Olson	Parker	CO	(303) 250-8657
95	Julia	Spiker	Thornton	CO	(303) 960-3307
96	Emily	Reiser	Windsor	CO	(970) 231-8081
97	Deborah	Bowles	Woodland Park	CO	(719) 231-6475
98	Kimberly	Hurd	Hamden	CT	(203) 640-9214
99	Pamela	Murphy	Killingworth	CT	(860) 227-3214
100	Heidi	Crosby	New Haven	CT	(203) 773-1166
101	Elizabeth	Calkins	Niantic	CT	(860) 213-3407
102	Elizabeth	Brochu	Windsor Locks	CT	(860) 978-1816
103	Lindsey	Alexitch	Clayton	DE	(302) 423-1535
104	Kamba	Spencer	Smyrna	DE	(302) 740-1933
105	Michele	Christopher	Wilmington	DE	(302) 562-6690
106	Lisa	Jarkowski	Boca Raton	FL	(561) 400-1268
107	Margaret	Hawkins	Cape Coral	FL	(239) 540-1830
108	Paula	Summa	Chuluota	FL	(407) 461-0449
109	Katherine	Gray	Clermont	FL	(813) 340-4532
110	Emilie	Brawley	Deerfield Beach	FL	(954) 707-3416
111	Ashley	Morelli	Dunedin	FL	(727) 946-8656
112	Tracee	Manson	Fruit Cove	FL	(904) 307-2606
113	Tamara	Blanc	Ft Lauderdale	FL	(954) 817-1157
114	Garentina	Gogo	Hobe Sound	FL	(917) 439-8040
115	Katrina	Coleman	Jacksonville	FL	(904) 309-4350
116	Sarajane	Ledford	Jacksonville	FL	(904) 207-0373
117	Christine	Zoyhofski	Jacksonville	FL	(614) 746-5254
118	Ann	McKessy	Lake Worth	FL	(561) 901-3609
119	Rhandi	Wallace	Lake Worth	FL	(773) 456-7720
120	Jessica	Rutan	Lutz	FL	(813) 317-0807
121	Lisa	Roder	Maitland	FL	(865) 809-9450
122	Lisa	Noegel	Melbourne	FL	(321) 622-4913
123	Donna	Nunes	Middleburg	FL	(904) 813-2769
124	Angie	Bentley	Orlando	FL	(407) 495-0924
125	Jessica	Cole	Orlando	FL	(407) 288-4676
126	Eileen	Teinert	Orlando	FL	(407) 929-4512
127	Lucerne	Simeone	Port Charlotte	FL	(561) 212-0854
128	Stefanie	Daley	St. Petersburg	FL	(727) 482-5259
129	Dana	Gordon	Tampa	FL	(813) 293-1239

130	Anna	Morehead <sup>(3)</sup>	Tampa	FL	(502) 220-5882
131	Theresa	Seits	Tampa	FL	(813) 731-6745
132	Judith	Cassell	Trinity	FL	(727) 744-4325
133	Debra	Deroxtro	Weeki Wachee	FL	(352) 238-2976
134	Ghislaine	Robinson	Weeki Wachee	FL	(603) 331-3859
135	Erin	Coleman	Acworth	GA	(404) 457-1061
136	Tamatha	Lupien	Acworth	GA	(770) 380-1564
137	Pallavi	Ghole	Alpharetta	GA	(678) 925-0414
138	Josie	Benfield	Clarksville	GA	(706) 768-7789
139	Sonya	Pilgrim	Cleveland	GA	(706) 878-6258
140	Heather	Scott	Cumming	GA	(404) 290-5902
141	Patti	Minton	Gainesville	GA	(770) 287-4043
142	Susan	Geaslen	Johns Creek	GA	(440) 864-6061
143	Diana	Vincent	Lawrenceville	GA	(770) 361-5806
144	Mary	Weinstein	Marietta	GA	(770) 634-0651
145	Jennifer	Geiger	Mount Airy	GA	(706) 968-3539
146	Midori	Cowart	Honolulu	HI	(808) 349-3457
147	Pamela	Russell	Marion	IA	(319) 270-1018
148	Kate	Payne	Urbandale	IA	(515) 480-0905
149	Codi	Bunderson	Gooding	ID	(208) 358-1920
150	Annalisa	Blake	Idaho Falls	ID	(509) 941-8051
151	Constance	Stuhr <sup>(4)</sup>	Meridian	ID	(509) 214-2820
152	Susan	Batko	Barrington	IL	(847) 382-5915
153	Joyce	Myers	Cary	IL	(847) 639-6859
154	Marcia	Chassagne	Chicago	IL	(773) 821-8450
155	Jane	Debondt	Chicago	IL	(773) 612-2775
156	Linda	Mrkvicka	Chicago	IL	(708) 997-4922
157	Vanessa	Viramontes	Elmhurst	IL	(630) 501-8935
158	Erica	Wolf	Geneseo	IL	(309) 507-2243
159	Adriana	Cross	Gilberts	IL	(847) 626-8848
160	Helen	Lessner	Huntley	IL	(847) 669-9899
161	Carey	Denzel	Lake Villa	IL	(847) 875-9021
162	Kelley	Chudy <sup>(5)</sup>	Lincolnshire	IL	(847) 940-7906
163	Stacey	Horvath	Lindenhurst	IL	(312) 498-3154
164	Allison	Matthies	Lisle	IL	(630) 202-4677
165	Anne	Lesiak	Marengo	IL	(815) 791-3503
166	Amanda	Palczynski	Pingree Grove	IL	(773) 505-5046
167	Charlotte	Morris	Prospect Heights	IL	(847) 899-1559
168	Jenna	Bolin	Rock island	IL	(309) 558-5424
169	Colleen	Kessler	Schaumburg	IL	(847) 337-9534
170	Kelli	Hahn	Sterling	IL	(216) 401-8771
171	Julie	Shultz	Warrenville	IL	(630) 393-9470
172	Casey	Goldman	Woodstock	IL	(815) 482-9872
173	Stacy	Davis	Boonville	IN	(812) 760-2935

174	Michelle	Miller	Fishers	IN	(317) 507-3786
175	Margaret	Harding	Lake Station	IN	(219) 805-1561
176	Kelley	Quigley	McCordsville	IN	(574) 252-9776
177	Gina	Vorhees	Noblesville	IN	(703) 888-6271
178	Megan	Flynn	Sheridan	IN	(317) 650-3363
179	Jennifer	Whitehair	Abilene	KS	(785) 512-9064
180	Rebecca	Cason	Carbondale	KS	(785) 383-3465
181	Aimee	Fewell	Carbondale	KS	(785) 806-6514
182	Meredith	Hall	Gardner	KS	(785) 418-4185
183	Paula	Baum	Lawrence	KS	(785) 766-1560
184	Jillian	Richard	Leawood	KS	(913) 219-2622
185	Elizabeth	Brooks	Olathe	KS	(913) 636-4745
186	Teresa	Mejia	Olathe	KS	(913) 305-6392
187	Amanda	Coppoc-Cook	Overbrook	KS	(785) 215-2464
188	Lisa	Erisman	Overland Park	KS	(913) 636-6607
189	Dominique	Feldkamp (Wood)	Roeland Park	KS	(913) 638-1696
190	Amanda	Acuna	Topeka	KS	(785) 213-7836
191	Stacy	Brown	Topeka	KS	(785) 234-8781
192	Erin	Grice	Topeka	KS	(785) 218-1443
193	Candi	Temple	Topeka	KS	(785) 806-3498
194	Andy	Carl	Bardstown	KY	(502) 827-1653
195	Shari	Burt	Covington	KY	(714) 328-0630
196	Amanda	Kleber	Crestwood	KY	(502) 644-4197
197	Abigail	Hehr	Cynthiana	KY	(859) 298-1895
198	Jamie	Kinsey	Cynthiana	KY	(859) 556-1273
199	Crystal	Moore	Cynthiana	KY	(859) 588-3414
200	Margaux	McGlasson	Fort Mitchell	KY	(859) 866-9994
201	Tiffany	Bourget	Georgetown	KY	(859) 576-2973
202	Missy	Croan	Louisville	KY	(502) 773-1041
203	Karen	Palmer	Louisville	KY	(502) 939-2907
204	Shannon	Stafford	Louisville	KY	(502) 930-4512
205	Amy	Utterback	Louisville	KY	(502) 608-3225
206	Ashley	Wimsett	Louisville	KY	(502) 377-3045
207	Heidi	Klug	Nicholasville	KY	(859) 536-9214
208	Amanda	Morris	Nicholasville	KY	(859) 881-0142
209	Brandy	Crutchfield	Stamping Ground	KY	(859) 948-5813
210	Jaime	Sparrow	Stamping Ground	KY	(859) 559-8681
211	Lara	Ellis	Baton Rouge	LA	(504) 382-3995
212	Jennifer	Maggio	Covington	LA	(985) 237-9701
213	Meggan	Villnuve	Darrow	LA	(225) 439-9263
214	Natalie	Margot	Harahan	LA	(504) 708-8290
215	Elisa	Rosales	Kenner	LA	(504) 756-0800
216	Laureen	Hermann	Mandeville	LA	(504) 782-8001
217	Mandy	Palm	Nine Mile Point	LA	(504) 913-1804
218	Emma	Chinitz	Acton	MA	(978) 844-1932

219	Sandra	Hickey	Arlington	MA	(617) 633-2690
220	Robyn	Phelan <sup>(6)</sup>	Attleboro	MA	(508) 455-5911
221	Justine	Mannix <sup>(7)</sup>	Bolton	MA	(704) 253-5045
222	Melissa	Stavropoulos	Milford	MA	(508) 478-4847
223	Melissa	Platzman	Northboro	MA	(508) 393-4265
224	Stephanie	Dehaan	Watertown	MA	(508) 353-0808
225	Alice	MacConnell	Westboro	MA	(508) 366-0564
226	Jennifer	Till	Crofton	MD	(301) 343-7285
227	Victoria	Winn	Crofton	MD	(301) 503-3833
228	Donna	George	Frederick	MD	(301) 874-5865
229	Lydia	Flora	Glen Burnie	MD	(410) 766-0445
230	Anna	Kooser	Linthicum Heights	MD	(410) 979-4408
231	Holly	Hardesty	Mt Lake Park	MD	(301) 616-6159
232	Carrie	Hordubay	Oakland	MD	(301) 334-5118
233	Rene	Denuto	Pasadena	MD	(410) 991-4843
234	Elizabeth	Gray	Pasadena	MD	(410) 370-2015
235	Beth	Thompson	Pasadena	MD	(410) 255-1225
236	Shelly	Hemig	Severn	MD	(530) 414-1178
237	Catherine	Van Houten	Waldorf	MD	(301) 848-5729
238	Wendy	Gutierrez Tashian	Ann Arbor	MI	(734) 761-9043
239	Michelle	Winters	Ann Arbor	MI	(401) 871-5228
240	Kimberly	Short	Berkley	MI	(248) 760-1876
241	Deena	Haley	Brighton	MI	(205) 310-0091
242	Michelle	Habedank	Chesterfield	MI	(586) 531-6146
243	Andrea	Townsend	Clinton Twp	MI	(586) 791-1810
244	Tanya	Clark	Dexter	MI	(734) 646-9468
245	Jean	Ramsey	Haslett	MI	(517) 282-3085
246	Mary	Govan	Highland	MI	(248) 887-2937
247	Andrea	Leon	Howell	MI	(517) 548-9518
248	Shannon	Lopo	Howell	MI	(517) 375-1506
249	Sara	Anderson	New Hudson	MI	(248) 345-9405
250	Linda	Reboulet	Northville	MI	(248) 514-5461
251	Samantha	Fidler	Saline	MI	(616) 706-3446
252	Carlene	Laskey	Saline	MI	(517) 270-0124
253	Joannah	Lovalvo	South Lyon	MI	(734) 560-4422
254	Samantha	Schlitt	South Lyon	MI	(248) 755-2754
255	Lisa	Olson	Spring Arbor	MI	(517) 812-4137
256	Susan	Dean	Troy	MI	(248) 925-7210
257	Kristen	Wagner	Waterford	MI	(248) 706-0418
258	Christine	Widner	Waterford	MI	(248) 767-4490
259	Carin	Burrill	White Lake	MI	(248) 921-7117
260	Lynda	Isaacs	Burnsville	MN	(952) 210-8557
261	Leah	Guimond	Maple Grove	MN	(612) 770-8833
262	Andrea	Hanson	Rochester	MN	(507) 252-5158

263	Kaylin	Kulhanek	Rosemount	MN	(651) 587-9877
264	Shawna	Forbis	Columbia	MO	(573) 777-0912
265	Terra	Nickelson	Jefferson City	MO	(573) 644-4286
266	Alysson	Lefler <sup>(8)</sup>	Kansas City	MO	(501) 993-3823
267	Amanda	Smith	Kearney	MO	(816) 589-0150
268	Judy	Sexton	Liberty	MO	(816) 401-2174
269	Joni	Triplett	Liberty	MO	(816) 560-5084
270	Michelle	Morgan	Parkville	MO	(816) 587-9126
271	Lori	Seymour	Parkville	MO	(816) 520-5477
272	Laci	Johnson	Rogersville	MO	(417) 861-9425
273	Jessica	Croghan	St. Louis	MO	(314) 422-7176
274	Amy	Shaw	St. Louis	MO	(314) 724-1722
275	Cora	DeSantis	Bozeman	MT	(406) 579-0746
276	Marcelle	Sibley	Arden	NC	(423) 794-8376
277	Jananne	O'Connell	Cary	NC	(919) 412-1113
278	Kaleb	Lundy	Charlotte	NC	(704) 654-7745
279	Lisa	Yarbrough	Charlotte	NC	(704) 340-7966
280	Melanie	Moore	Concord	NC	(704) 579-1631
281	Tara	Johnson	Fuquay Varina	NC	(919) 800-7445
282	Donna	Walton	Garner	NC	(919) 758-3205
283	Stephanie	Sykes	Holly Springs	NC	(919) 971-5390
284	Amanda	Groeschel	Huntersville	NC	(704) 978-9800
285	Mallory	Mast	Kernersville	NC	(336) 963-0869
286	Angela	Martin	Mooresville	NC	(630) 347-3065
287	Taryn	Murray	Raleigh	NC	(919) 412-8866
288	Smirthi	Selvaraj	Raleigh	NC	(919) 673-5534
289	Lorene	Lambert	Richfield	NC	(704) 463-5813
290	Jeanette	Rosseau	Willow Spring	NC	(704) 616-4402
291	Esther	Cramer	Mandan	ND	(701) 770-0566
292	Ginny	Ganow	Aurora	NE	(308) 850-9228
293	Amy	Deveney	Bennington	NE	(402) 981-6969
294	Kristin	Melton	Bennington	NE	(618) 841-4069
295	Jennifer	Stutzman	Doniphan	NE	(402) 902-9165
296	Jessica	Seim	Elkhorn	NE	(402) 570-3302
297	Sydney	Beran	Fremont	NE	(402) 719-9829
298	Heidi	Deyle	Fremont	NE	(402) 380-2081
299	Amy	Elofson	Fremont	NE	(402) 699-5054
300	Roselinda (Rose)	Rhoads	Grand Island	NE	(308) 380-3252
301	Jessica	Germer	Gretna	NE	(402) 332-2515
302	Erin	Hall	Gretna	NE	(402) 415-3809
303	Elizabeth	Biggerstaff	Lincoln	NE	(402) 770-5042
304	Rachel	Hinze	Lincoln	NE	(308) 641-8985
305	Jessica	Small <sup>(9)</sup>	Lincoln	NE	(402) 730-4311
306	Collette	Sauer	North Platte	NE	(308) 532-2097

307	Karen	Hart	Omaha	NE	(818) 275-3187
308	Becca	Jackson York	Omaha	NE	(712) 310-9656
309	Richelle	Simmons	Omaha	NE	(402) 290-1543
310	Molly	Thalken <sup>(10)</sup>	Omaha	NE	(402) 980-1052
311	Natalie	Vankat	Omaha	NE	(402) 689-6694
312	Melissa	Jansen	Omaha	NE	(785) 643-0992
313	Lindsey	Englund	West Point	NE	(308) 383-4360
314	Britt	Reynolds	York	NE	(402) 363-1940
315	Amy	Ballam	Deerfield	NH	(603) 396-1849
316	Dorothy	Peters	Derry	NH	(603) 437-9646
317	Amanda	Marvin	Hanover	NH	(703) 581-3062
318	Diana (My Viet)	Johnson	Hooksett	NH	(603) 660-1927
319	Christine	Doe	Manchester	NH	(603) 275-6886
320	Jeanine	Tousignant	Manchester	NH	(603) 714-0049
321	Katherine	Miller	Meredith	NH	(603) 677-6832
322	Diana	Balzer	Annandale	NJ	(973) 879-9657
323	Dana	Pelillo	Bayville	NJ	(732) 921-8881
324	Lisa	Hogan	Colts Neck	NJ	(732) 371-5409
325	Elise	Miner	Denville	NJ	(973) 464-1275
326	Stacy	Greenberg	Freehold	NJ	(732) 845-9725
327	Julie	Gosnell	Joint Base MDL	NJ	(308) 520-9086
328	Amanda	Minter	Lanoka Harbor	NJ	(609) 242-9409
329	Evamarie	Genovese	Manchester	NJ	(908) 910-4986
330	Kaitlin	Hennighan	Newton	NJ	(973) 534-4547
331	Lisa	Healy	Pompton Plains	NJ	(609) 315-1401
332	Danielle	Deruyter	Verona	NJ	(917) 553-1116
333	Patricia	Stagliano	Voorhees	NJ	(856) 753-9283
334	Jennifer	Garcia	Albuquerque	NM	(575) 973-8999
335	Jessica	Perez	Albuquerque	NM	(505) 573-7928
336	Ami	Rintoul	Albuquerque	NM	(505) 262-4233
337	Susan	Sisson	Albuquerque	NM	(505) 350-5285
338	Shannon	Grommes	Corrales	NM	(505) 506-6033
339	Alia	Dire	Farmington	NM	(505) 320-5364
340	Nicole	Davan	Las Cruces	NM	(703) 209-6759
341	Beth	Denney	Las Cruces	NM	(575) 649-3464
342	Iwona	Hughes	Las Cruces	NM	(575) 571-3038
343	Amy	Richards	Las Cruces	NM	(941) 705-0800
344	Monica	Rico	Las Cruces	NM	(575) 522-3249
345	Alton	Chen	Los Ranchos	NM	(505) 307-6278
346	Tya	Bussell	Moriarty	NM	(505) 363-7482
347	Tamra	Fenstermaker	Rio Rancho	NM	(505) 459-2191
348	Dianne	Sandoval	Rio Rancho	NM	(505) 892-1369
349	Jordan	Turner	Fernley	NV	(775) 624-4707
350	Adam	Gentz	Henderson	NV	(702) 808-4512
351	Shyra	Hartley	Las Vegas	NV	(702) 812-9451

352	Lindsay	Chong	Reno	NV	(775) 997-8303
353	Heather	Salaices	Reno	NV	(775) 386-8063
354	Mary	Collyer	Beacon	NY	(845) 831-0703
355	Karen	Hall	Canandaigua	NY	(585) 766-8869
356	Sarah	Woodard	Cortland	NY	(607) 745-1154
357	Peggy	Torpey	Honeoye Falls	NY	(585) 624-2363
358	Marianne	Stebbins	Lansing	NY	(607) 342-7178
359	Renee	Canestrari	Loudonville	NY	(518) 441-8253
360	Helene	Kelley	Patchogue	NY	(631) 790-6863
361	Lisa	Stendardo	Rochester	NY	(585) 727-9205
362	Darlene	Jagich	Wappingers Falls	NY	(845) 453-7066
363	Rose	Palmer	West Babylon	NY	(516) 983-4670
364	Joanne	Diiorio	Yonkers	NY	(914) 573-9391
365	Ann Marie	Hutchins	Bay Village	OH	(440) 821-9049
366	Krista	Salih	Blacklick	OH	(614) 203-1607
367	Kristin	Trefz	Brunswick	OH	(330) 220-3257
368	Leslie	Hatfield	Circleville	OH	(740) 412-1584
369	Denise	Vale	Clyde	OH	(440) 334-3257
370	Danielle	Cordes	Cuyahoga Falls	OH	(330) 417-1135
371	Kayinda Martine	Mwamba	Dublin	OH	(614) 580-1331
372	Susan	Baird	Fairfield	OH	(513) 238-3667
373	Sarah	Romaker	Fairfield	OH	(513) 885-1580
374	Kimberly	Logan	Grove City	OH	(614) 403-6993
375	Julia	McCormick	Grove City	OH	(614) 539-0344
376	Stacy	Baugh	Kings Mills	OH	(513) 460-5485
377	Annette	Stewart	Lakewood	OH	(440) 376-4972
378	Kristin	Weinberg	Milford	OH	(513) 760-9457
379	Molly	McGinnis	Oakwood	OH	(937) 974-9174
380	Amber	Spindler	Pataskala	OH	(740) 975-5491
381	Karen	Adams	Perrysburg	OH	(419) 873-5565
382	Anna	Allard	Perrysburg	OH	(419) 575-2963
383	BJ	Dunn	Toledo	OH	(419) 349-1113
384	Lisa	Papenfuss	Whitehouse	OH	(419) 340-1005
385	Valerie	Hollingshead	Claremore	OK	(918) 520-0431
386	Melanie	Dunham	Edmond	OK	(405) 650-6993
387	Wendy	Cromie	Jones	OK	(405) 706-9461
388	Dusty	Hendon	Midwest City	OK	(405) 365-3766
389	Kasey	Little	Newalla	OK	(405) 990-2821
390	Courtney	Crouse	Oklahoma City	OK	(646) 434-9019
391	Rebekah	Kincheloe	Oklahoma City	OK	(254) 709-1253
392	Quincie	Cotrill	Tulsa	OK	(918) 519-5453
393	Carrie	Kirkwood	Canby	OR	(971) 219-0790
394	Stephanie	Vallance	Portland	OR	(503) 857-7994
395	Monica	Bryant	Prineville	OR	(541) 280-6061
396	Valeri	McLaughlin	Prineville	OR	(541) 233-7456

397	Ashley	Smith	Prineville	OR	(541) 233-3860
398	Katherine	Craycroft	Redmond	OR	(541) 420-5095
399	Terre	Banks	Salem	OR	(503) 871-3642
400	Ana	Pace	Salem	OR	(971) 718-4770
401	Tamara	Welch	Springfield	OR	(541) 726-8465
402	Kathryn	Buza	Butler	PA	(724) 712-3895
403	Jennifer	Signorino	Butler	PA	(724) 602-6305
404	Holly	Wilson	Butler	PA	(724) 312-4371
405	Jodi	Venesky Troutman	East Brady	PA	(724) 525-4388
406	Lorén	Miller	Easton	PA	(484) 860-2744
407	Jonali	Derry	Fairview	PA	(814) 969-3738
408	Jade	Bullman	Julian	PA	(814) 577-0409
409	Michelle	Barnes	Lake City	PA	(814) 460-8268
410	Catherine	Guerrieri	Latrobe	PA	(724) 244-2869
411	Christy	Trautman <sup>(11)</sup>	Lincoln University	PA	(302) 731-1600
412	Dawn	Patillo	Norristown	PA	(703) 629-4161
413	Jessie	Simmers	Pittsburgh	PA	(412) 926-0725
414	Leanne	Lenz	State College	PA	(814) 769-9011
415	Lisa	Zierden	Venetia	PA	(724) 942-6252
416	April	McNearney	Wexford	PA	(412) 445-8598
417	Sandra	Perrotta	Johnston	RI	(401) 232-3396
418	Susan	Porcelli	North Providence	RI	(401) 964-6669
419	Allison	Belch Lazor	Columbia	SC	(803) 920-0951
420	Kelly	Glynn	Columbia	SC	(803) 665-5016
421	Sarah	Heins	Fort Mill	SC	(803) 431-1364
422	Loretta	Ogborn	Fort Mill	SC	(505) 670-0228
423	Diane	Rosin	Greenville	SC	(843) 343-1319
424	Suzanne	Conant	Greer	SC	(443) 510-0995
425	Shaylynne	Kendrick	Greer	SC	(828) 707-5601
426	Alanna	Burns	North Augusta	SC	(706) 251-5139
427	Diana	Sims	Taylors	SC	(864) 593-8435
428	Rebecca	Heldt	York	SC	(706) 564-0488
429	Kimberly	Jones	Cordova	TN	(901) 340-9258
430	Regina	Roberson	Counce	TN	(901) 489-2104
431	Cassandra	Loy	Hixson	TN	(209) 373-6167
432	April	Haun	Knoxville	TN	(865) 228-3852
433	Adelaide	Mitchell	Knoxville	TN	(865) 567-0810
434	Donna	Cross	Rossville	TN	(520) 404-8018
435	Courtney	Cagle	Abilene	TX	(325) 829-9793
436	Deanna	Custer	Austin	TX	(512) 917-1909
437	Heather	Deiderick	Austin	TX	(512) 479-0790
438	Deborah	Dorff	Austin	TX	(646) 246-3114
439	Laurie	Grayson	Austin	TX	(512) 775-4418
440	Polly	Jenkins	Austin	TX	(512) 672-9358
441	Kimberly	Walior	Austin	TX	(512) 740-3153

442	Ann	Parks	Bedford	TX	(817) 715-9890
443	Jillian	Moore	Ben Wheeler	TX	(903) 343-3716
444	Stephanie	Moody	Bryan	TX	(817) 975-3230
445	Alexis	Robertson	Corinth	TX	(214) 957-1559
446	Sherri	Davis	Corpus Christi	TX	(561) 809-1943
447	Taylor	Valles	Crandall	TX	(254) 383-7898
448	Kristin	Caraway	Cypress	TX	(713) 306-4949
449	Danielle	Singer	Cypress	TX	(832) 721-1980
450	Shannon	Celestine	Dallas	TX	(225) 916-8760
451	Tatiana	Tabet	Denton	TX	(940) 231-4281
452	Paula	Adkison	Diana	TX	(903) 431-3529
453	Mary Esther	Martinez	El Paso	TX	(915) 494-4711
454	Claudia	Padilla	El Paso	TX	(915) 920-7883
455	Evangeline	Ramirez	El Paso	TX	(915) 867-1339
456	Karla	Kelton	Grapevine	TX	(817) 253-4790
457	Sharon	Sutton	Harker Heights	TX	(254) 681-1258
458	Kaitlin	Pine	Highland Village	TX	(972) 743-9667
459	Kristi	Willbanks	Irving	TX	(817) 680-4302
460	Claire	Rothe	Keller	TX	(817) 269-2668
461	Kelsey	Fry	Killeen	TX	(254) 702-5016
462	Shakila	Johnson	Killeen	TX	(210) 857-4043
463	Susette	Brandt	Lake Dallas	TX	(214) 738-4964
464	Kelly	Hodgson	Lewisville	TX	(214) 868-8333
465	April	Gibson	Magnolia	TX	(281) 832-0637
466	Krista	Jenney	Manchaca	TX	(978) 885-2761
467	Jill	Sasso	Mckinney	TX	(972) 670-7991
468	Amy	Duggins	Midlothian	TX	(214) 405-8111
469	Alison	Bleasdell	Missouri City	TX	(713) 297-1568
470	Megan	Kliebert	Missouri City	TX	(225) 715-8880
471	Cathy	Bleasdell	New Braunfels	TX	(713) 598-8565
472	Kiley	Ross <sup>(12)</sup>	New Braunfels	TX	(503) 539-0954
473	Misty	Alvey	Pampa	TX	(806) 662-7275
474	Carrie	Scruggs	Pampa	TX	(806) 662-0970
475	Kristina	House	Paris	TX	(903) 517-3640
476	Melissa	Ladd	Paris	TX	(903) 517-3928
477	Brittany	McMikel	Paris	TX	(903) 669-4391
478	Rose Marie	Chase	Plano	TX	(214) 674-4702
479	Jennifer	Duewall	Plano	TX	(469) 358-6842
480	Ann	Hebert	Port Neches	TX	(713) 817-6237
481	Reese	Brown	Rockwall	TX	(972) 533-6897
482	Sonya	Davis	Rowlett	TX	(214) 676-1240
483	Jasmine	Morris	Sanger	TX	(940) 395-0966
484	Debbie	Weston	Smiley	TX	(830) 433-1381
485	Jennifer	Clendaniel	Southlake	TX	(214) 354-9592
486	Leslie	Kennedy	Southlake	TX	(214) 924-0661

487	Logan	Iles	Sumner	TX	(903) 715-7376
488	Cayli	Campbell	Texarkana	TX	(903) 691-2038
489	Chaney	Gipson	Tyler	TX	(903) 352-7123
490	Kirstin	Topham	Tyler	TX	(303) 565-0476
491	Kimmy	Almon	Waxahachie	TX	(409) 457-1106
492	Paige	McPeek	Willis	TX	(281) 989-6535
493	Rita	Harvey	Bluffdale	UT	(801) 254-3226
494	Janea	Crowther	Brigham City	UT	(435) 225-6925
495	Retta	Hawker	Brigham City	UT	(435) 723-3666
496	Katie	Poleshuk	North Salt Lake	UT	(707) 849-2179
497	Laurie	Dewberry	Perry	UT	(435) 730-2399
498	Rachelle	Smith	Riverton	UT	(435) 650-4870
499	Julie	Lofgreen	Sandy	UT	(801) 733-9849
500	Krista	Peterson	Spanish Fork	UT	(801) 427-6953
501	Jessica	Pope	Aldie	VA	(571) 246-6527
502	Jelena	Semrau	Aldie	VA	(814) 490-4471
503	Alexandra	Smith	Arlington	VA	(770) 845-4708
504	Betina	Adams	Chesapeake	VA	(757) 546-9712
505	Natasha	Montgomery	Fairfax	VA	(540) 931-7224
506	Jennifer	Wible	Fredericksburg	VA	(540) 220-6945
507	Valerie	Palazzone	Gloucester	VA	(757) 715-2074
508	Maureen	Morris	Leesburg	VA	(210) 422-2128
509	Kristin	Lindahl	Portsmouth	VA	(757) 966-7858
510	Diane	Denneny	Sterling	VA	(703) 450-6807
511	Amy	Lyle	Stone Ridge	VA	(703) 409-8973
512	Courtney	Barbero	Virginia Beach	VA	(703) 980-1272
513	Justine	O'Keefe	E. Montpelier	VT	(802) 223-5137
514	Jill	DeAlmeida	East Barre	VT	(802) 371-9043
515	Joanna	Strong Kinnaman	Jericho	VT	(802) 999-3977
516	Carissa	Newton	Milton	VT	(802) 922-4266
517	Mary Beth	Petruska	Bainbridge Island	WA	(206) 696-4722
518	Allison	Miller	Blaine	WA	(360) 303-6673
519	Kelsey	Ellis	Coupeville	WA	(360) 994-9663
520	Becca	Krantz	Des Moines	WA	(206) 719-1877
521	Jena	Krantz	Edgewood	WA	(206) 327-1027
522	Catherine	Canterbury	Ellensburg	WA	(509) 859-6913
523	Jillian	DeBritz	Ellensburg	WA	(509) 301-4539
524	Cheri	Harrell	Ellensburg	WA	(509) 306-9050
525	Cheri	Brown	Kennewick	WA	(509) 539-3345
526	Mary-Rose	Marcotte	Kent	WA	(206) 412-7184
527	Lori	Hollow	Mercer Island	WA	(206) 409-4014
528	Diana	Hines	Puyallup	WA	(253) 840-9387
529	Kathleen	Lemon	Redmond	WA	(425) 890-4639
530	Joanne	Zhang	Sammamish	WA	(425) 301-3231
531	Catherine	Woods	Seattle	WA	(208) 866-1914

532	Jessica	Schuenemann	Sequim	WA	(360) 460-5619
533	Jessica	Hancock	Silverdale	WA	(509) 714-9720
534	Marilyn	Marston	Spokane	WA	(949) 285-7769
535	Patricia	Picknell	Vancouver	WA	(502) 386-8673
536	Kalee	McPherson	Wenatchee	WA	(509) 668-1019
537	Janette	McMullin	Yakima	WA	(706) 676-1300
538	Sara	Miller	Hartford	WI	(414) 899-1771
539	Jackie	Lufter	Hartland	WI	(262) 370-1821
540	Leann	Meachum	Kenosha	WI	(262) 484-3579
541	Colleen	Erdmann	Oak Creek	WI	(414) 881-9557
542	Megan	Ferger	Oak Creek	WI	(414) 301-9728
543	Sandra	Workentine	Oconomowoc	WI	(262) 443-4847
544	Dawn	Flegel	Racine	WI	(262) 681-0633
545	Michelle	Anfinson	Waukesha	WI	(414) 852-7050
546	Geri	Seidenstricker	Wauwatosa	WI	(414) 719-7145
547	Patricia	Ehrman	Jackson	WY	(307) 690-5934
548	Christi	Mcneill	Jackson	WY	(817) 808-5321

(1) Franchisee operated business in Virginia.

(2) Franchisee operated business in New Mexico.

(3) Franchisee operated business in Kentucky.

(4) Franchisee operated business in Washington.

(5) Franchisee operated business in Wisconsin.

(6) Franchisee operated business in Rhode Island.

(7) Franchisee operated business in North Carolina.

(8) Franchisee operated business in Arkansas.

(9) Franchisee operated business in Texas.

(10) Franchisee operated business in Kansas.

(11) Franchisee operated business in Delaware.

(12) Franchisee operated business in Oregon.

# **EXHIBIT I**

**ADDENDUM TO FRANCHISE AGREEMENT**  
**(JUNIOR JAZZERCISE)**

THIS ADDENDUM is made and entered into as of \_\_\_\_\_ by and between Jazzercise, Inc., a California corporation ("Jazzercise") and \_\_\_\_\_, an individual ("Franchisee"), with reference to the following facts:

- A. Franchisee desires to obtain a license from Jazzercise to conduct a dance fitness program under Jazzercise's trademarks using only formats for children's programs developed by Jazzercise.
- B. Franchisee and Jazzercise desire to enter into Jazzercise's standard Franchise Agreement applicable to Franchisee's status, modified to reflect their understanding concerning the limited nature of the formats of the classes which Franchisee will be permitted to conduct.

NOW, THEREFORE, for and in consideration of the covenants, warranties and mutual agreements contained herein, the parties hereto agree as follows:

1. Franchise Agreement. Contemporaneously herewith, the parties are entering into Jazzercise's standard form of Franchise Agreement applicable to Franchisee's status which is incorporated by this reference as though set forth in full herein ("Franchise Agreement"), modified as set forth in this Addendum.
2. Defined Terms. All terms not otherwise defined in this Addendum shall have the meaning ascribed to them in the Franchise Agreement.
3. Limited License. Notwithstanding anything to the contrary set forth in the Franchise Agreement, Franchisee is granted a non-exclusive license to conduct a dance fitness program for children. Franchisee agrees and acknowledges that Jazzercise may add, delete or modify the designated routines from time to time. In addition:
  - (a) Franchisee acknowledges that there may only be a limited number of classes which Franchisee may teach in a particular facility or area.
  - (b) The initial training and instruction Jazzercise provides to Franchisee shall only include routines for children's programs.
  - (c) Jazzercise will provide Junior Jazzercise choreography and routine tips and suggestions via The Routines Database, Jazzercise's proprietary system designed to allow franchisees to stream videos of Jazzercise routines, choreography notes and teaching tips.

(d) Franchisee may only change its status to an associate or class owner who is authorized to offer all Jazzercise classes or to another limited program Instructor if Franchisee meets Jazzercise's then-current requirements for such associate or class owners or for such other Instructors, as applicable, and if Jazzercise has given its prior written consent, which may be withheld by Jazzercise in its sole subjective discretion. Franchisee acknowledges and agrees that Jazzercise may require Franchisee to sign its then-current form of franchise agreement applicable to the new status and to attend and complete to Jazzercise's satisfaction Jazzercise's initial training program or portions thereof, as determined by Jazzercise as one of the conditions to consenting to such change of status.

(e) if Franchisee is a class owner, Franchisee may not accept a transfer of a class from another Jazzercise franchisee if the class does not consist solely of routines developed for children's programs, unless Franchisee hires an associate instructor certified by Jazzercise to teach the class.

4. Except as set forth in this Addendum, the provisions of the Franchise Agreement shall be in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first written above.

"Franchisee"

"Jazzercise"

JAZZERCISE, INC.,  
a California corporation



[signature]

By: \_\_\_\_\_  
[Print Name]

By: Sally Baldridge  
Title: Chief Operating Officer

**ADDENDUM TO FRANCHISE AGREEMENT**  
**(LO JAZZERCISE)**

THIS ADDENDUM is made and entered into as of \_\_\_\_\_ by and between Jazzercise, Inc., a California corporation ("Jazzercise") and \_\_\_\_\_, an individual ("Franchisee"), with reference to the following facts:

- A. Franchisee desires to obtain a license from Jazzercise to conduct a dance fitness program under Jazzercise's trademarks using only low impact or less strenuous formats or formats for children's programs developed by Jazzercise.
- B. Franchisee and Jazzercise desire to enter into Jazzercise's standard Franchise Agreement applicable to Franchisee's status, modified to reflect their understanding concerning the limited nature of the formats of the classes that Franchisee will be permitted to conduct.

NOW, THEREFORE, for and in consideration of the covenants, warranties and mutual agreements contained herein, the parties hereto agree as follows:

1. Franchise Agreement. Contemporaneously herewith, the parties are entering into Jazzercise's standard form of Franchise Agreement applicable to Franchisee's status, which is incorporated by this reference as though set forth in full herein ("Franchise Agreement"), modified as set forth in this Addendum.

2. Defined Terms. All terms not otherwise defined in this Addendum shall have the meaning ascribed to them in the Franchise Agreement.

3. Limited License. Notwithstanding anything to the contrary set forth in the Franchise Agreement, Franchisee is granted a non-exclusive license to conduct a dance fitness program incorporating only those routines choreographed for children or utilizing a low impact or less strenuous format under the name "LO Jazzercise." These routines will be designated by Jazzercise in its sole subjective discretion. Franchisee agrees and acknowledges that Jazzercise may add, delete or modify the designated routines from time to time. In addition, Franchisee acknowledges:

- (a) That there may only be a limited number of classes which Franchisee may teach in a particular facility or area;
- (b) The initial training and instruction Jazzercise provides to Franchisee shall only include routines utilizing low impact or less strenuous formats or routines for children's programs;
- (c) Jazzercise shall be required to provide Franchisee with only those new routines applicable to the program offered by Franchisee.

Jazzercise's obligation to deliver these new routines and any cost to Franchisee are governed by the terms of the Franchise Agreement;

(d) Franchisee may only change its status to an associate or class owner who is authorized to offer all Jazzercise classes or to another limited program instructor if Franchisee meets Jazzercise's then-current requirements for such associates or class owners or for such other instructors, as applicable, and if Jazzercise has given its prior written consent, which may be withheld by Jazzercise in its sole subjective discretion. Franchisee acknowledges and agrees that Jazzercise may require Franchisee to sign its then-current form of franchise agreement applicable to the new status and to attend and complete to Jazzercise's satisfaction Jazzercise's initial training program or portions thereof, as determined by Jazzercise as one of the conditions to consenting to such change of status; and

(e) if Franchisee is a class owner and would like to offer classes other than those consisting solely of low impact or less strenuous format routines or routines developed for children's programs, Franchisee must hire another franchisee certified to teach such classes.

4. Except as set forth in this Addendum, the provisions of the Franchise Agreement shall be in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year first written above.

"Franchisee"

"Jazzercise"

JAZZERCISE, INC.,  
a California corporation



[signature]

By: \_\_\_\_\_  
[Print Name]

By: Sally Baldridge  
Title: Chief Operating Officer

# **EXHIBIT J**

## Exhibit J

The Franchise Agreement provides that the Franchisee must sign a General Release in a form satisfactory to Jazzercise as a condition to renewal, transfer or a move to a new state. Following is the form of Agreement and General Release that Jazzercise uses as of the date the Franchise Disclosure Document was issued. It is subject to change at any time by Jazzercise without notice.

### **AGREEMENT AND GENERAL RELEASE**

In accordance with the requirements of the Franchise Agreement and in consideration of good and valuable consideration including Jazzercise's offer to permit Franchisee to renew or transfer the Franchise Agreement, the receipt and sufficiency of which is hereby acknowledged, \_\_\_\_\_, an individual ("Franchisee"), on behalf of herself, himself or itself and her, his or its Representatives hereby irrevocably and fully relieves, releases and forever discharges Jazzercise, Inc., a California corporation ("Jazzercise") and its Representatives (together with Jazzercise referred to as the "Releasees") from the Claims, as those terms are defined below.

**"Franchise Agreement"** means the Franchise Agreement dated \_\_\_\_\_, between Jazzercise and Franchisee.

**"Representatives"** means, as applicable, spouse, officers, directors, partners, stockholders, members, managers, employees, agents, representatives, attorneys, accountants, insurers, adjusters, trustees, affiliates, predecessors, successors, subsidiaries, parent corporations, heirs, executors, beneficiaries, administrators, assigns, and any and all persons or entities claiming any rights whatsoever from or through said parties.

**"Claims"** means any and all of the following:

(a) rights, entitlements, claims (including claims of any predecessor in interest), complaints;

(b) debts, costs, liabilities, accounts, reckonings, compensation, charges, demands, agreements, contracts, covenants, representations;

(c) warranties, promises, undertakings, breaches of contract, breaches of duty, controversies, suits, judgments, losses, injuries, obligations, liens, expenses (including but not limited to attorneys' fees and costs); and

(d) damages, actions and causes of action, lawsuits and administrative complaints and charges of every kind and nature whatsoever;

whether known or unknown, foreseen or unforeseen, fixed or contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, which Franchisee and

her, his or its Representatives may now or hereafter have, individually or collectively, against the Releasees based upon, arising out of, relating to or in connection with, any and all events, relationships, prior dealings, acts or omissions or agreements or any other thing which may have heretofore occurred or failed to have occurred through the date hereof, including but not limited to the Franchise Agreement. The Claims include, without limitation, any rights arising out of alleged violations of any contract or covenant, legal restriction, common law and statute to the extent permitted by law.

Franchisee acknowledges and agrees that except for the consideration provided for herein, she, he or it is not entitled to and will not receive compensation or payments of any kind from the Releasees in connection with this Agreement and General Release or the Franchise Agreement, and that no representations have been made to Franchisee regarding any such compensation or payments.

It is the intention of the parties that this instrument shall be effective as a full and final accord and satisfaction, and release of all Claims. In furtherance of this intention, Franchisee acknowledges that she, he or it has read and understands the significance and consequences of Section 1542 of the Civil Code of the State of California (and any similar statutes and principles of law in California and other jurisdictions) which provides as follows:

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

Nevertheless, Franchisee hereby waives and relinquishes every right or benefit which she, he or it has under Section 1542 of the Civil Code of the State of California (and any similar statute and principle of law), and under any similar law of any other applicable jurisdiction and understands the consequences of such waiver and assumes full responsibility for any injuries, damages and losses which she, he or it may incur in connection with this Agreement and General Release. In connection with such waiver and relinquishment, Franchisee acknowledges that she, he or it may hereafter discover facts in addition to or different from those which she, he or it now knows or believes to be true with respect to the Claims released, the subject matter of this Agreement and General Release or the Franchise Agreement, but that she, he or it intends hereby fully, finally and forever, to settle and release all claims, disputes and differences, known or unknown, suspected or unsuspected, foreseen or unforeseen, patent or latent, which now exist, may exist or heretofore existed between her, him or it and her, his or its Representatives, on the one hand, and Releasees, on the other hand. In furtherance of such intention, the release given herein shall be and remain in effect as a full and complete release, freely and voluntarily given, notwithstanding the discovery or existence of any additional or different facts.

Franchisee acknowledges that she, he or it has been advised to and has had the opportunity to consult with attorneys and other advisors of her, his or its choosing, and to conduct whatever investigation or inquiry she, he or it deems appropriate before signing this Agreement and General Release. Franchisee acknowledges that no representation, promise or inducement not contained in this Agreement and General Release or in the documents referred to in it was made to her, him or it. Franchisee certifies that Franchisee has read and understands the terms of this Agreement and General Release, and that execution of this Agreement and General Release indicates that it conforms to Franchisee's understanding and is acceptable to Franchisee as a final agreement. Franchisee further agrees that she, he or it has not commenced, instituted or prosecuted, and will forever refrain and forebear from commencing, instituting and prosecuting any lawsuit, action or other proceeding against the Releasees based on, arising out of, relating to or in connection with any Claims released hereunder. If any court of law, federal, state or other administrative agency, or any other forum, assumes jurisdiction of any charge, claim, suit or action on behalf of Franchisee or her, his or its Representatives, Franchisee will direct that agency, court or forum to withdraw or dismiss the matter with prejudice.

By executing this Agreement and General Release, Franchisee, for herself, himself or itself and her, his or its successors, represent and warrants that her, his or its representations herein are true and correct and that she, he or it has the right and authority to enter into and to accept the terms and covenants of this Agreement and General Release, and that no third party has or claims an interest in any of the Claims released hereby. Franchisee represents that she, he or it has not sold, assigned, transferred, conveyed, encumbered or otherwise disposed of any Claim, or any interest in any Claim. Franchisee acknowledges that this Agreement and General Release shall be a complete defense to any Claim subject to the terms hereof. This Agreement and General Release shall not be deemed or construed as an admission of any fact, liability or responsibility by the Releasees at any time for any purpose.

Franchisee also acknowledges that she, he or it has been given a reasonable and sufficient period of time within which to consider, sign and return this Agreement and General Release.

This Agreement and General Release shall be governed by and construed in accordance with the laws of the state of California.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

# **EXHIBIT K**

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF CALIFORNIA**

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

1. The associate instructors for Jazzercise's classes at its facilities may be employees of Jazzercise. These associate instructors may also be franchisees, and they acknowledge that their activities as associate instructors for these classes are separate from their activities as franchisees.
2. Neither Jazzercise nor any other person listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.
3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
5. California Corporations Code Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.
6. The Franchise Agreement requires binding arbitration. The arbitration will occur in the city where Jazzercise's headquarters is then located with the costs being borne by the party who does not prevail. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfp.ca.gov](http://www.dfp.ca.gov).

Notwithstanding anything disclosed in this Addendum, the parties have a meeting of the minds and agree upon the terms of the Franchise Agreement.

The provisions of this Addendum only apply if the jurisdictional requirements of the California Franchise Investment Law and the California Franchise Relations Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE  
REQUIRED BY THE STATE OF HAWAII**

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

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

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

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: California (exemption), Illinois, Indiana, Maryland, Michigan, Minnesota, New York (exemption), North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.
2. A proposed registration or filing is or will be shortly on file in the following states: None.
3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

The provisions of this Addendum only apply if the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Instructor No: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF ILLINOIS**

1. The conditions under which your Franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

2. Item 11. Jazzercise anticipates that training workshops will be held in Chicago, Illinois after the issuance date of this Disclosure Document, as the need arises.

3. Item 17. The following language is added to Items 17(v) and 17(w):

"Provided that the provisions of the Illinois Franchise Disclosure Act will govern franchises located in the State of Illinois."

4. Item 17(v). Illinois law provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of Illinois.

5. State Effective Dates Page. Risk factor 1 indicates that local law may supersede the Franchise Agreement. As noted in Paragraph 3 above, the Illinois Franchise Disclosure Act does supersede the Franchise Agreement and applies to Illinois franchisees.

The provisions of this Addendum only apply if the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Instructor No: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MARYLAND**

1. Item 17(c) and (m) – Requirements for Franchisee to Renew or Extend/Conditions for Franchisor Approval of Transfer. The general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 17(h) – "Cause" Defined – Non-Curable Defaults. Provisions for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Item 17(v) – Choice of Forum. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF MINNESOTA**

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5 which require (except in certain specified cases) (i) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

Any limitations of claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

The provision of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

Date: \_\_\_\_\_

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Instructor No: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NEW YORK**

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

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

2. The following is added to the end of Item 3:

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

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunction or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined

in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunction or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.”

3. Item 4. Item 4 of the Disclosure Document is amended by deleting the disclosure and substituting the following:

“Neither we, our affiliate, our predecessor nor our officers during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.”

4. The following disclosure is added to Item 5:

“The initial franchise fee will be deposited in Jazercise’s general revenues and used to defray expenses.”

5. The initial training described in Item 11 of the Disclosure Document will be scheduled for franchisees in New York in their local regions as needed.
6. As described in Item 12, a franchisee is granted the right to conduct classes in a non-exclusive territory. Each non-exclusive territory is the size of a state or a portion of a state and franchisees are appointed in a non-exclusive territory depending on such factors as population, the number of existing instructors in the territory and the times at which their classes are conducted.
7. The following is added to the end of the “Summary” section of Item 17(c) titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), titled **“Conditions for franchisor approval of transfer”**:

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that

the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.”

8. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

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

9. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**” and Item 17(w), titled “**Choice of law**”:

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

10. A summary of Jazzercise’s right to assign the Franchise Agreement appears in Item 17 of the Disclosure Document. The Franchise Agreement does not require Jazzercise to ascertain whether any assignee will possess the economic resources necessary to fulfill Jazzercise’s obligations to its franchisees.

The provisions of this Addendum only apply if the jurisdictional requirements of the New York Franchises Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF NORTH DAKOTA**

1. Item 17(c). A general release is not required of franchisees in North Dakota.
2. Item 17(u). Any such arbitration shall be conducted at facilities maintained by the American Arbitration Association for such purposes at a location agreeable to the parties that is not remote from the site of the franchisee's business. If the parties cannot agree on a location, the site of the arbitration shall be determined by the rules of the American Arbitration Association.
3. Item 17(w). If there is a conflict between California law and North Dakota Law, then North Dakota Law will prevail.

The provisions of this Addendum only apply if the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF RHODE ISLAND**

1. Item 17(w). The following language is added to Item 17(w):

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

The provisions of this Addendum only apply if the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA**

1. Item 17(h). The following is added to Item 17(h):

"Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable."

The provisions of this Addendum only apply if the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT OF  
JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of the arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such

provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The provisions of this Addendum only apply if the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

The undersigned does hereby acknowledge receipt of this addendum.

Date: \_\_\_\_\_

JAZZERCISE, INC.  
a California corporation

By: 

Name: Sally Baldridge  
Title: Corporate Secretary  
2460 Impala Drive  
Carlsbad, California 92010

FRANCHISEE:

By: \_\_\_\_\_

Name: \_\_\_\_\_

Instructor No: \_\_\_\_\_

**ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT  
OF JAZZERCISE, INC.  
REQUIRED BY THE STATE OF WISCONSIN**

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law.

The provisions of this Addendum only apply if the jurisdictional requirements of the Wisconsin Franchise Investment Law are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

# **EXHIBIT L**



## New Franchisee Training Participation Agreement

**HEALTH WARRANTY:** Every participant (referred to as "trainee") represents that he/she is in good health and has no disability, impairment, injury, disease or ailment preventing him/her from engaging in active or passive exercise or which would cause increased risk or injury or adverse health consequences as a result of participation in/use of Jazzercise's New Franchisee Training (referred to as "NFT"). Trainee assumes full responsibility for his/her use of Jazzercise's training, programs and products and shall defend, indemnify, and hold harmless Jazzercise against any and all claims, demands, actions, losses, damages, expenses, or costs (including any applicable attorney's fees and costs) arising out of, connected to, or related to trainee's participation in NFT and/or products. Physical examinations by trainee's physician are recommended and encouraged for trainee's before starting the NFT, and especially trainees unaccustomed to physical exertion, or who have physical limitations, a history of high blood pressure, heart problems or other chronic illnesses, or trainees who have a history of heart disease. Trainee represents to Jazzercise that the trainee either has the permission and approval of his/her physician to participate in the NFT, programs, and exercise classes and use of exercise equipment or if he/she does not have such permission, the trainee hereby assumes the risk of injury and death which may come from such activities.

**WAIVER OF LIABILITY:** Trainee agrees and understands that there are risks associated with the participation in NFT. Trainee further agrees and understands that the trainee is assuming the risks associated in the participation of the NFT at home, in facilities, in classes, in programs, in activities and all equipment contained therein including the risk of injury and death. For and in consideration of the use of the NFT facilities, activities, and programs, trainee agrees to release, discharge, and waive any claim against Jazzercise and its owners, franchisees, agents, employees, representatives, successors, and manufacturers of equipment from any and all damages, injuries or death, arising out of, connected to, related to, or resulting from the trainee's use of and participation in the NFT, including but not limited to, the exercise and associated equipment and athletic facilities, participation in fitness programs and exercise classes.

**COPYRIGHTED MATERIAL:** Trainee understands and agrees that all material provided, both written and visual, is copyrighted by Jazzercise, Inc. and may not be used without the permission of Jazzercise, Inc.

**TRAINING MATERIALS:** Trainee agrees to permanently delete and/or destroy all training materials, including but not limited to; training documents, downloaded content, choreography material, choreography notes, etc. if trainee does not complete or pass the NFT.

**CERTIFICATION PROCESS AND TEACHING:** Trainee understands that he/she is not permitted to teach any Jazzercise class or any portions thereof until successfully completing the NFT.

Trainee understands that he/she must follow designated procedures and agrees to be present and fully participate in all sections of Jazzercise NFT in order to complete the certification process.

Trainee hereby agrees to all by signing below.

---

Trainee Full Name

---

Audition Date

---

Signature

---

Date

# **EXHIBIT M**



## ADDENDUM TO FRANCHISE

<sup>1</sup> AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on \_\_\_\_\_, 20\_\_\_\_\_, by and between \_\_\_\_\_ ("Franchisor" )<sup>1</sup>, located at \_\_\_\_\_, and \_\_\_\_\_ ("Franchisee" )<sup>1</sup>, located at \_\_\_\_\_.

Franchisor \_\_\_\_\_ and Franchisee \_\_\_\_\_ entered into a Franchise \_\_\_\_\_ Agreement on \_\_\_\_\_, 20\_\_\_\_\_, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee \_\_\_\_\_ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise \_\_\_\_\_ Agreement or any other document Franchisor \_\_\_\_\_ requires Franchisee \_\_\_\_\_ to sign:

### CHANGE OF OWNERSHIP

- If Franchisee \_\_\_\_\_ is proposing to transfer a partial interest in Franchisee \_\_\_\_\_ and Franchisor \_\_\_\_\_ has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor \_\_\_\_\_ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee \_\_\_\_\_. If the Franchisor \_\_\_\_\_'s consent is required for any transfer (full or partial), Franchisor \_\_\_\_\_ will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) \_\_\_\_\_ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee \_\_\_\_\_.

### FORCED SALE OF ASSETS

- If Franchisor \_\_\_\_\_ has the option to purchase the business personal assets upon default or termination of the Franchise \_\_\_\_\_ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee \_\_\_\_\_ owns the real estate where the franchise \_\_\_\_\_ location is operating, Franchisee \_\_\_\_\_ will not be required to sell the real estate upon default or termination, but Franchisee \_\_\_\_\_ may be required to lease the real estate for the remainder of the (enter type of) \_\_\_\_\_ term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

## COVENANTS

- If the Franchisee \_\_\_\_\_ owns the real estate where the franchise \_\_\_\_\_ location is operating, Franchisor \_\_\_\_\_ has not and will not during the term of the Franchise \_\_\_\_\_ Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee \_\_\_\_\_'s real estate, they must be removed in order for the Franchisee \_\_\_\_\_ to obtain SBA-assisted financing.

## EMPLOYMENT

- Franchisor \_\_\_\_\_ will not directly control (hire, fire or schedule) Franchisee \_\_\_\_\_'s employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee \_\_\_\_\_ not the Franchisor \_\_\_\_\_.

As to the referenced Franchise \_\_\_\_\_ Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee \_\_\_\_\_.

Except as amended by this Addendum, the Franchise \_\_\_\_\_ Agreement remains in full force and effect according to its terms.

Franchisor \_\_\_\_\_ and Franchisee \_\_\_\_\_ acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of FRANCHISOR :**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Authorized Representative of FRANCHISEE :**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor \_\_\_\_\_ and Franchisee \_\_\_\_\_. Additionally, the applicant Franchisee \_\_\_\_\_ and the (type of agreement) \_\_\_\_\_ system must meet all SBA eligibility requirements.

### **State Effective Dates**

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	January 1, 2021 (exemption)
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	December 15, 2021
Minnesota	Pending
New York	March 27, 2017 (exemption)
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## **JAZZERCISE, INC.**

### **RECEIPT**

The Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Jazzercise offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

**New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.**

**Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.**

If Jazzercise does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state agency listed in Exhibit A.

Following is information about the franchise seller involved in this transaction: Sally Baldridge, Jazzercise, Inc., 2460 Impala Drive, Carlsbad, California 92010; telephone: (760) 476-1750.

Issuance Date: March 1, 2022

I received a Disclosure Document issued March 1, 2022 that included the following Exhibits:

- A. List of State Franchise Administrators
  - B. List of Agents for Service of Process
  - C. Financial Statements
  - D. Franchise Agreement – Class Owners and Addenda
  - E. Franchise Agreement – Associates and Addenda
  - F. Franchise Agreement – Business Owners and Addenda
  - G. The Studio Navigation
  - H. Information on Franchisees
  - I. Addendum to Franchise Agreement (Junior Jazzercise)  
Addendum to Franchise Agreement (LO Jazzercise)
  - J. General Release
  - K. State-Specific Addenda to FDD
  - L. Jazzercise New Franchisee Training Participation Agreement
  - M. SBA Addendum
- State Effective Dates Page

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Date  
Instructor No.  
(if applicable):\_\_\_\_\_

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Franchisee  
Print Name

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State Effective Dates Page

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Date  
Instructor No.  
(if applicable):\_\_\_\_\_

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Franchisee  
Print Name