

DISCLOSURE DOCUMENT



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B3 Franchising LLC
an Oregon limited liability company
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B3 Franchising LLC franchises the right to operate “barre3®” exercise service businesses providing specialized exercise classes using a ballet barre and other equipment in combination with ballet, Pilates and yoga techniques, and the sale of related services and products.

The total investment necessary to begin operation of a barre3® studio franchised business ranges from \$291,956 to \$672,178. This includes \$45,212 to \$58,962 that must be paid to the franchisor or its affiliate(s).

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. Do not 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 like “*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 (“FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Circle, N.W., Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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STATE COVER PAGE

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

Call the state franchise administrator listed in Exhibit A for information about the Franchisor, or about franchising in your state.

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

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

1. THE FRANCHISE AGREEMENT REQUIRES THAT DISAGREEMENTS FIRST BE MEDIATED IN PORTLAND, OREGON. IF A DISPUTE IS NOT RESOLVED BY MEDIATION, IT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN PORTLAND, OREGON. ANY DISPUTES NOT SUBJECT TO ARBITRATION MUST BE LITIGATED IN PORTLAND, OREGON. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN OREGON THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE OF OREGON GOVERNS THE AGREEMENT. OREGON LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE BUSINESS. THIS GUARANTEE WILL PLACE BOTH YOUR AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. IF YOU PLAN TO OBTAIN FINANCING FOR YOUR INVESTMENT, THE FINANCING YOU OBTAIN MUST BE ACCEPTABLE TO US OR WE MAY TERMINATE THE FRANCHISE AGREEMENT AND KEEP YOUR FRANCHISE FEE.
5. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. IF YOU FAIL TO DO SO, THE SIZE OF YOUR TERRITORY COULD BE REDUCED OR THE FRANCHISOR COULD TERMINATE YOUR AGREEMENT AND YOU COULD LOSE YOUR INVESTMENT.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of 1 or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of this franchise.

The following states require that the Franchise Disclosure Document be registered or filed in the state, or to be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Maryland, Michigan (notice filing without Franchise Disclosure Document), Minnesota, New York, North Dakota, Rhode Island, South Dakota, Utah, Virginia, Washington and Wisconsin.

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

California: May 1, 2017

New York: June 26, 2017

Illinois: April 21, 2017

Virginia: August 11, 2017

Maryland: June 28, 2017

Washington: June 22, 2017

Michigan: July 12, 2017

Wisconsin: April 18, 2017

Minnesota: June 26, 2017

Other states that may require a notice filing (without a Franchise Disclosure Document) rather than registration include Florida, Kentucky, Nebraska, Texas, and Utah, and in certain situations other states. We filed franchise notices in the following states, with the following effective dates:

Florida: April 19, 2017

Kentucky: April 21, 2011 (one-time filing)

Nebraska: April 11, 2011 (one-time filing)

Texas: February 8, 2013 (one-time filing)

Utah: April 10, 2018

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