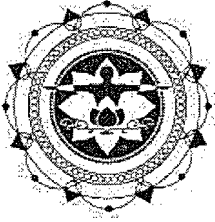


FRANCHISE DISCLOSURE DOCUMENT



Club Pilates Franchise, LLC,
a Delaware limited liability company
3185 Pullman Street
Costa Mesa, CA 92626
(949) 346-9794
sales@clubpilates.com
www.clubpilates.com

Received
LA Mailroom

MAY 04 2016

Department of
Business Oversight

Club Pilates Franchise, LLC (“we,” “us,” or “our”) offers for sale a franchise to establish and operate a fitness studio that provides Pilates and other exercise classes under the “CLUB PILATES” marks (“CLUB PILATES Studio” or “Studio”).

The total estimated investment necessary to begin operations of a CLUB PILATES Studio franchise ranges from \$158,252 to \$224,657. This amount includes \$122,500 that must be paid to the franchisor or its affiliate prior to opening.

The total investment necessary to operate multiple CLUB PILATES Studios under our form of area development agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a development agreement for the right to develop three (3) CLUB PILATES Studios is \$233,752 to \$300,157, which includes (a) \$198,000 that is paid to us or our affiliates prior to opening, and (b) the total estimated initial investment to begin operation of your initial CLUB PILATES Studio.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the Franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Shaun Grove at Club Pilates Franchise, LLC, 3185 Pullman Street, Costa Mesa, CA 92626, and at (949) 346-9794.

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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. Information about comparisons of franchisors is available. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. There may also be laws on franchising in your state. Call your state agency listed on **Exhibit B** or visit your public library for other sources of information on franchising.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: APRIL 20, 2016.

STATE COVER PAGE

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

Call the state franchise administrator listed on **Exhibit B** for information about the franchisor, or about franchising in your state. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the state administrators listed on **Exhibit B**.

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

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

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT CONTAIN A MANDATORY BINDING ARBITRATION CLAUSE GOVERNING NEARLY ALL DISPUTES BETWEEN YOU AND US. THE BINDING ARBITRATION (AND ANY LITIGATION) AND ANY ARBITRATION APPEAL WILL TAKE PLACE IN THE COUNTY IN WHICH OUR THEN-CURRENT HEADQUARTERS IS LOCATED, AND THAT MAY COST YOU MORE (AND BE LESS CONVENIENT) THAN IF THOSE PROCEEDINGS TOOK PLACE NEAR YOUR RESIDENCE OR BUSINESS. COSTS OF THE ARBITRATION AND ANY ARBITRATION APPEAL MAY BE GREATER THAN IN LITIGATION. YOU AND WE WILL GENERALLY BEAR EACH OF OUR OWN COSTS IN ANY DISPUTE, BUT THE ARBITRATOR CAN ASSESS COSTS (BUT NOT ATTORNEY'S FEES) AGAINST A LOSING PARTY.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT PROVIDE THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENTS AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
3. IF YOU ARE AN INDIVIDUAL, YOUR SPOUSE MUST SIGN A PERSONAL GUARANTY. IF THE FRANCHISEE IS A BUSINESS ENTITY, EACH OF THE ENTITY'S OWNERS, PARTNERS, MEMBERS, OFFICERS, DIRECTORS, TRUSTEES AND BENEFICIARIES (AS APPLICABLE), AS WELL AS THEIR RESPECTIVE SPOUSES, MUST SIGN A PERSONAL GUARANTY. THOSE WHO SIGN A PERSONAL GUARANTY WILL BE JOINTLY AND SEVERALLY LIABLE FOR ALL DEBTS AND OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT THEY ARE INVOLVED IN THE OPERATION OF THE FRANCHISE BUSINESS. THESE INDIVIDUALS WILL ALSO HAVE THEIR PERSONAL ASSETS AT RISK.
4. THE FRANCHISOR ENTITY HAS A LIMITED OPERATING HISTORY (OPERATING SINCE MARCH 12, 2015) AND ITS FINANCIAL RESOURCES MIGHT NOT BE ADEQUATE TO FUND THE FRANCHISOR'S PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
5. IF YOU FAIL TO MEET THE MINIMUM MEMBER QUOTA (40 MEMBERS PER DAY (AVERAGED OVER ONE WEEK) BY THE 1ST YEAR ANNIVERSARY OF THE OPENING OF THE STUDIO; 65 MEMBERS PER DAY (AVERAGED OVER ONE WEEK) BY THE END OF THE 2ND YEAR ANNIVERSARY; AND 85

MEMBERS PER DAY (AVERAGED OVER ONE WEEK) BY THE END OF THE 3RD YEAR ANNIVERSARY AND EACH SUCCEEDING YEAR THEREAFTER) FOR 36 CONSECUTIVE MONTHS AT ANY TIME DURING THE TERM OF THE FRANCHISE AGREEMENT, WE MAY INSTITUTE A MANDATORY CORRECTIVE TRAINING PROGRAM OR TERMINATE THE FRANCHISE AGREEMENT AT OUR SOLE DISCRETION.

6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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