

FRANCHISE DISCLOSURE DOCUMENT

GRAVITY STUDIOS, LLC
a Delaware limited liability company
7755 Arjons Drive
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GRAVITY® - A Total Gym Studio is a health and fitness center that offers small group, private and semi-private training led by certified instructors with adjunct training in functional movement, and other services as well as retail merchandise under the GRAVITY system. GRAVITY uses Total Gym® equipment, the world's leading incline bodyweight trainer, as well as various other functional equipment to deliver our unique method of training for life.

The total investment necessary to begin operation of a GRAVITY franchised business is \$153,825 to \$275,700. This includes \$35,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

We may offer to enter into multi-unit development agreements to establish and operate a minimum of three Studios at specific locations under individual franchise agreements. The multi-unit developer must pay a reservation fee that is equal to \$15,000 for each Studio to be developed. The total investment will depend on the number of Studios that a multi-unit developer commits to develop.

We also offer to qualified individuals and entities the opportunity to become our area representative within a specific geographical area. An area representative will act as our agent in a specific territory, solicit new franchisees, assist existing franchisees, and conduct inspections of Studios in the Area Representative Territory, among other things. An area representative must pay us an initial fee of between \$140,000 and \$255,000, which includes the initial franchise fee for the first Studio that the area representative must own and operate. An area representative must own and operate at least two Studios in the Area Representative Territory. We will pay an area representative a portion of the initial franchise fees, royalty fees and transfer fees collected.

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 the 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 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 Ash Robinson at 7755 Arjons Drive, San Diego, California 92126 and (858) 586-6080.



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

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

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

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

- 1. THE FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT AND AREA REPRESENTATIVE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
- 2. THE FRANCHISE AGREEMENT, MULTI-UNIT DEVELOPMENT AGREEMENT AND AREA REPRESENTATIVE AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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

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