

FRANCHISE DISCLOSURE DOCUMENT

The Xercise Studio, LLC
A New York Limited Liability Company
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DEPARTMENT OF CORPORATIONS
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IM=X® Pilates Studio
IM=X® Pilates
IM=X® Back Exercise
IM=X® Spinal Fitness
IM=X® Cycle/Tower

Brief Description of the Franchised Business. The franchisee will operate an IM=X® Pilates franchise which offers IM=X® Pilates, Back Exercise, Yoga, personal training, cardiovascular exercise and fitness programs for back strength and weight loss, and may also include physical therapy services. These services are offered as private, semi-private and group instruction and are described as physical fitness and back instruction.

We also offer franchises to “Area Developers” who will open and operate, and recruit franchisees to open and operate, Studios within a specific geographic area. Area Developers also provide training, ongoing supervision and support to franchisees in exchange for a portion of the fees paid by the franchisees.

The total investment necessary to begin operation of an IM=X® Pilates Fitness Studio, Back Studio or Express franchise ranges from \$46,172 to \$244,257. This includes between \$23,795 to \$73,520 that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation as an Area Developer ranges from \$159,172 to \$805,407, which includes the cost of developing one Studio. This includes between \$113,795 to \$634,670 that must be paid to the franchisor or its affiliate. Please see Items 5 and 7 for additional details.

This disclosure document summarizes certain provisions of your franchise agreement and area development 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 Elyse McNergney at 265 Madison Avenue, 2nd Floor, New York, New York 10016 and 212 316-2545.

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 C 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 AND AREA DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN NEW YORK, ACCORDING TO THE RULES OF THE AMERICAN ARBITRATION ASSOCIATION OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN NEW YORK THAN IN YOUR OWN STATE**
- 2 **THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT STATE THAT NEW YORK 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

Effective Date See next page for state effective dates

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