

FRANCHISE DISCLOSURE DOCUMENT



2301 Commercial Blvd. State College, PA 16801 814-404-6672 www.kinetik-fitness.com

info@kinetik-fitness.com

The franchise offered is for the establishment and operation of a business that offers group functional training sessions coached by a certified fitness professional who will make sure clients' form is correct, while keeping their motivation high. One-on-one personal training is also offered. The ultimate goal of the franchise is to develop a fitness community in which your clientele is involved in a healthy lifestyle, not just a gym membership. We offer one type of franchise under the name KI'NETIK FITNESSTM

As a KI'NETIK FITNESS franchisee, you will operate a fitness center that provides all of our services and products.

The total investment necessary to begin operation of a KI'NETIK FITNESS franchise is \$75,000 to \$135,999. This includes \$12,700 Franchise Fee that must be paid to the Franchisor or affiliate. A discount Franchise Fee of \$9,000 is offered to veterans.

This franchise 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.

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 Scott Ludwig, KI'NETIK FITNESS, LLC, 2301 Commercial Blvd., State College, Pennsylvania 16801, phone number: (814) 238-4677-, or email Scott@kinetik-fitness.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, such as 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 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 THE FRANCHISE DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit E 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 REQUIRES THAT MOST DISPUTES BE SUBMITTED TO ARBITRATION IN PENNSYLVANIA, EXCEPT AS DESCRIBED IN THE STATE ADDENDUMS. 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 PENNSYLVANIA THAN IN YOUR HOME STATE. THE FRANCHISE AGREEMENT STATES THAT ANY SUIT BROUGHT BY EITHER PARTY, EXCEPT CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, MUST BE INITIATED IN CENTRE COUNTY, PENNSYLVANIA.
- 2 THE FRANCHISE AGREEMENT STATES THAT PENNSYLVANIA LAW GOVERNS THE AGREEMENT, AND PENNSYLVANIA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE LAW. YOU MAY WANT TO COMPARE THESE LAWS. SOME STATE FRANCHISE LAWS PROVIDE THAT CHOICE OF LAW PROVISIONS ARE VOID OR SUPERSEDED. YOU MAY WANT TO INVESTIGATE WHETHER YOU ARE PROTECTED BY A STATE FRANCHISE LAW. YOU SHOULD REVIEW ANY ADDENDA OR RIDERS ATTACHED TO THIS DISCLOSURE DOCUMENT FOR DISCLOSURES REGARDING STATE FRANCHISE LAWS.
- 3. THE PURCHASE OF A KI'NETIK FITNESS FRANCHISE INVOLVES BUSINESS RISKS AND THE SUCCESS OF YOUR KI'NETIK FITNESS FRANCHISED BUSINESS IS LARGELY DEPENDENT UPON YOUR OWN BUSINESS ABILITIES.
- THE FRANCHISE AGREEMENT PROHIBITS YOU FROM BEING INVOLVED WITH 4. A COMPETING PROGRAM DURING THE TERM OF THE AGREEMENT OR FOR 3 YEARS AFTER THE TERM EXPIRES IF THE COMPETING PROGRAM IS WITHIN A RADIUS OF 25 MILES OF YOUR AREA AND ANY KI'NETIK FITNESS FRANCHISE OR COMPANY-OWNED UNIT.
- THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE. 5.

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