

**FRANCHISE DISCLOSURE DOCUMENT****RECEIVED****2015 APR -6 PM 2:37****DEPARTMENT OF
BUSINESS OVERSIGHT
SAN FRANCISCO**

The Little Gym International, Inc
(a Delaware corporation)
7001 N Scottsdale Road, Suite 1050
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(480) 948-2878 (Phone)
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You will operate a business that provides physical fitness, recreational gymnastic, motor skills development and other programs for children

The total investment necessary to begin operation of a The Little Gym franchise with a Standard Territory is approximately \$145,750 to \$366,000 This includes approximately \$82,750 to \$140,500 that must be paid to us or our affiliates The total investment necessary to begin operation of a The Little Gym franchise with a Small Market Territory is approximately \$117,250 to \$299,500 This includes approximately \$64,750 to \$109,500 that must be paid to us or our affiliates

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English Read 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 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 to 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 20590 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 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 PERMITS THE FRANCHISE OWNER TO ARBITRATE WITH THE LITTLE GYM INTERNATIONAL, INC ONLY IN ARIZONA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. THESE PROVISIONS MAY BE SUPERSEDED BY CERTAIN STATE LAWS. IT MAY ALSO COST MORE TO ARBITRATE WITH THE LITTLE GYM INTERNATIONAL, INC IN ARIZONA THAN IN YOUR HOME STATE.
- 2 THE FRANCHISE AGREEMENT STATES THAT ARIZONA LAW GOVERNS THE AGREEMENT. THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS LOCAL LAW AND LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. YOU MAY WANT TO COMPARE THESE LAWS. THE STATE OF MICHIGAN AND CERTAIN OTHER STATES PROHIBIT CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. STATE ADDENDA IN EXHIBIT G FOR A SUMMARY OF SOME OF THESE LAWS.
- 3 DUE TO THE NATURE OF THE FRANCHISE, FRANCHISE OWNERS MAY BE SUED FOR PERSONAL INJURY CLAIMS, WHICH IS THE REASON FOR OUR INSURANCE REQUIREMENTS.
- 4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Certain state laws may supersede these provisions. See State Addenda in Exhibit G for a summary of some of these laws.

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 for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date See the next page for state effective dates

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