

**ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We must approve your location prior to its being leased or otherwise acquired. At the appropriate time, we will provide you with our requirements and specifications for your furniture, equipment and certain supplies. You are required to follow our specifications. We can modify our specifications and requirements periodically at our discretion. We can be specified as a supplier or the only supplier, of any or all of these items. If we are so specified, we or our affiliates will derive revenue from your purchases.

Your furniture, fixtures, and certain other items must meet our specifications. As of the date of this disclosure document, however, we do not have suppliers from whom you must purchase these items, with an exception of the WundaFormer exercise apparatus. Our affiliate WundaFormer LCC is the sole supplier of the WundaFormer exercise apparatus. Our affiliate WundaFormer LLC is the sole supplier of the WundaFormer exercise apparatus. You must purchase the WundaFormer exercise apparatus from WundaFormer LLC. We do not derive revenue from your purchases of the WundaFormer Exercise apparatus.

Our affiliate, WundaFormer LLC's, revenues derived, in the year ending December 31, 2013, from the sale of WundaFormer exercise apparatus was \$0. The purchase of the WundaFormers from our affiliate, WundaFormer LLC, represents approximately 20%-45% of your overall costs in establishing your WundaBar Pilates studio.

We are the sole suppliers of fitness accessories and apparel items that bear our logo. If you choose to purchase optional fitness accessories and apparel that bear our logo you must purchase said accessories and apparel from us. In the year ending December 31, 2013 we derived \$1,836.38 in revenue from the sale of fitness accessories and apparel items bearing our logo.

We require you to acquire management software we specify for you to use in the operation and management of your studio. Item 11 provides a description of this software. We can also specify the credit card processing service you must use. We do not derive any income from the credit card processor service that we may specify you use. We derive revenue from the software you purchase. Based on the revenue derived from software sold to our existing Franchisee, we estimate that the software you purchase will amount to less than 1% of all purchases and leases you will make in establishing your studio and less than 1% of your ongoing purchases and leases in the operation of your studio.

If we have designated a supplier for any product or service you are required to purchase and you want to use a supplier that we have not yet approved, you must give us written notice of the identity and address of the supplier and the product or service you want to acquire from that supplier. We can request samples of those items to use in evaluating your request. After we receive all of the information we require concerning the supplier and its goods, we will either approve or disapprove of the supplier promptly, normally within 30 days. The criteria we use for approval of suppliers include the supplier's ability to provide products or services meeting our specifications, the supplier's reliability with respect to the quality of its products or services, the supplier's agreement to conform to our specifications and to give us permission to make periodic inspections to insure continued conformity with our specifications and the number of existing approved suppliers for the goods or services in question. We can withdraw our approval of suppliers at any time.

We do not require suppliers to pay us for testing or approving their merchandise or services. If any supplier gives us an advertising allowance or similar payment, we will use those funds only for advertising and promotional purposes.

We have no purchasing or distribution cooperatives. We will attempt to negotiate with those suppliers that are used by a number of our studios so that we can get the best possible prices for their products although we cannot promise that we can accomplish that. We do not provide additional benefits to you if you buy from sources we approve.

## 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. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPLICABLE STATE ADMINISTRATORS LISTED ON EXHIBIT D.**

**Call the state franchise administrator listed in Exhibit D 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 YOU TO RESOLVE DISPUTES WITH US BY MEDIATION AND LITIGATION ONLY IN CALIFORNIA. OUT-OF-STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND LITIGATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.**

**2 THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS THE AGREEMENT AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

**3 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS THAT WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS THAT WE CONTROL.**

**4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

**EFFECTIVE DATE**

**ITEM 12****TERRITORY**

Your Franchise Agreement will specify the location of your WundaBar Pilates studio. When we approve the location for your studio, you will be allowed a protected territory within which we and our affiliates will not open a company-owned or franchised studio, whose principal business is providing Pilates-based exercise classes. We and our affiliates can own, operate or franchise any other type of business in your protected territory under any name or mark, other than the names and marks licensed to you by the Franchise Agreement.

The grant of a protected territory does not permit you to open additional WundaBar Pilates studios or to relocate your studio within that territory. You can only relocate your studio with our prior written consent and on the conditions described in the Franchise Agreement. Excluded from the restrictions provided to you by the grant of a protected territory are any exercise studios or other facilities owned, operated, and/or franchised by any person or entity with whom or which we merge, by whom or which we are acquired or which we acquire or otherwise become affiliated after the date of the Franchise Agreement. However, none of the studios opened or operated by that person or entity will operate under the WundaBar name within your territory.

We must mutually agree to the boundaries of your protected territory as a condition of continuing our franchise relationship. We base our decision on whether to approve a protected territory on the population and demographics of the market within that area. In most cases, protected territories will contain approximately 10,000 adults between the ages of 18 and 65. The location of your studio does not limit the area from which your customers can be obtained. As such, you may solicit and accept customers from outside your territory and we and other WundaBar Pilates studio owners can solicit and accept customers from within your protected territory.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. You are only allowed to provide services and sell products bearing the WundaBar name and marks from your studio and only at retail. We have the exclusive right to sell WundaBar merchandise at wholesale, including to retail outlets not affiliated with WundaBar, by means of catalogs, by electronic means, including over the internet and by alternative methods of distribution, including those sales that are made to outlets or customers located in your protected territory. You are not entitled to any compensation if we or our licensor(s) makes such sales within your protected territory.

If a business, government, education or other larger entity located within your protected territory desires to have WundaBar classes conducted in or in affiliation with, their facilities, such as for the employees of a company, we will offer you the opportunity to conduct these classes if in our reasonable judgment, you and your Instructors are able to conduct the classes with competence and without having a detrimental effect on the operation of your studio. If we determine that you do not have the capacity or if you indicate that you do not want to conduct the classes for the entity requesting WundaBar classes, we may conduct the classes, either directly, through another WundaBar franchisee or by other means. If we, another WundaBar franchisee or someone else we sanction, conducts these classes, within your protected territory, we will pay you 3% of the gross receipts obtained from conducting the classes. These payments will be made within 10 days of when we receive payment for the classes or when we receive the royalty on those receipts from the franchisee or payment from the other persons or entity that conducts the classes.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/wundabar-pilates>