

FRANCHISE DISCLOSURE DOCUMENT

Athletic Revolution International, LLC
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The franchisee will operate an Athletic Revolution Youth Wellness Center.

The total investment necessary to begin and maintain operations for at least three months of a Athletic Revolution franchise is estimated to be from \$71,109 to \$127,248. This includes the \$14,995 for the first ten units sold and \$19,995 thereafter franchisee fee that must be paid to the franchisor or affiliate(s).

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 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 or grant. **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 the Athletic Revolution Franchise Administration Department at: 2009 Oriole Drive, Elizabethtown, KY, 42701.

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 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," can help you understand how to use this disclosure document and is available from the Federal Trade Commission (FTC). 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.

Issuance Date: _____

STATE COVER PAGE

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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN HARDIN COUNTY, KENTUCKY. 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 KENTUCKY THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT KENTUCKY 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. THIS IS A DEVELOPMENT STAGE COMPANY WHICH MAY ENTAIL AN ADDITIONAL RISK OF FINANCIAL LOSS.
4. 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: _____

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Kentucky	Exempt
Maryland	Pending
Michigan	Notice Filing
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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Exhibits

A Franchise Agreement and Related Materials

Exhibits to Franchise Agreement:

- Exhibit 1 - Franchised Territory
- Exhibit 2 - Lease Assignment Agreement
- Exhibit 3 - Names & Addresses of Equity Owners, Directors & Officers
- Exhibit 4 - Personal Guarantee
- Exhibit 5 - De-Identification Checklist
- Exhibit 6 - Confidentiality/Non Competition Agreement
- Exhibit 7 - General Release – Renewal
- Exhibit 8 - General Release – Assignment

B Financial Statement-Balance Sheet

C State Administrators

D Agents for Service of Process

E State Addenda to Franchise Disclosure Document

F List of Franchisees

G List of Former Franchisees

H1 Franchisee Organizations We Have Created, Sponsored or Endorsed

H2 Independent Franchisee Associations

I State Effective Dates

J Personal Guarantee

K Receipt

Item 1: The Franchisor, and any Parents, Predecessors and Affiliates

To simplify the language in this disclosure document, “we” or “us” mean Athletic Revolution International, LLC, the franchisor. “You” means the individual, corporation or partnership who buys the franchise. If the franchisee will operate through a corporation or partnership, “you” also includes the franchisee’s owners or partners.

Our company name is Athletic Revolution International, LLC. We are a Kentucky Limited Liability Company formed December 23, 2008. Our business address is 2009 Oriole Drive, Elizabethtown, KY 42701 and the phone number is 1-888-785-0422. Our primary email address is info@athletic-revolution.com.

The principal business address of our affiliate, AR IProperties, LLC, is 2009 Oriole Drive, Elizabethtown, KY 42701 and its telephone number is 1-888-785-0422. AR IProperties, LLC is a Kentucky Limited Liability Corporation incorporated on December 23, 2008.

The principal business address of our agents for service of process is shown on Exhibit “D”.

We have not operated any Athletic Revolution Centers. We franchise businesses that operate Athletic Revolution Youth Fitness. We have no other business activities.

Your business will operate an Athletic Revolution Franchise offering youth programs.

The market for your services consists of members of the general public seeking fitness programs for youth under 18 years of age. Sales are not seasonal. The market is very well developed and highly competitive. You will compete with other fitness Centers and gyms serving youth, families and adults.

Athletic Revolution Coaches do not need licensing by the state they work in but each business is subject to state and federal regulations regarding employees.

You must comply with federal, state and local health regulations concerning fitness and various other local, state and federal laws concerning consumers and the sale of certain products.

We do not have any predecessors during the 10 year period immediately before the close of our most recent fiscal year.

Neither we, nor our affiliates, have in the past nor do we presently offer franchises in any line of business other than Athletic Revolution.

Item 2: Business Experience

Pat Rigsby, President

Pat Rigsby is formerly a Co-Owner of Fit Systems Personal Training which served over 1200 clients in two locations as well as a current co-owner of a successful health club and fitness retail store. Pat has also established himself as one of the leading business and marketing experts in the personal training industry, creating or co-creating over a dozen coaching programs and products, being a regular contributor to many of the industry’s most popular trade publications and serving thousands of fitness professionals worldwide. In 2008 Pat became a co-owner in the International Youth Conditioning Association while also serving as the

organization's Chief Marketing Officer.

Nick Berry, Vice-President of Operations

Nick Berry co-founded Athletic Revolution in 2008 and is the VP of Operations. He maintains the position of Chief Financial and Operations Officer with the IYCA, which he has held since January 2007. In 2004, he and Pat Rigsby founded Fitness Consulting Group, a fitness business consulting firm, as well as a personal training company, Fitsystems, and a health club. He is also a co-owner of Ultimate Business Systems, Inc., a marketing consulting firm. Since 2007, Nick has been involved in the pool and spa industry with his wife, Kelly.

Sara Nylander, Vice-President of Technology

Sara Nylander co-founded Athletic Revolution International, LLC, in December 2008 and is the VP of Technology. Ms. Nylander worked with The Sports Academy Northwest from December 2004 - February 2006 during which time she provided training and therapeutic massage services. She has worked with the IYCA since its inception in 2003 and provided a variety of services including technical support, event organization and exam creation and review.

Brian Grasso, Vice-President of Public Relations

From 2002 - 2005, Brian served as Director of Athlete Development for the Sports Academy Northwest (TSA) in Chicago, Illinois. In this role, Brian created all training systems and progressive developmental routines for TSA athletes who ranged in age from 6 - 19 years. Overseeing a staff of two full-time and five part-time Coaches, Brian's primary role, in addition to training system creation, was in conducting educational opportunities for his staff ensuring that their knowledge and skill level was world-class. Under Brian's management, the Athlete Development sector of TSA went from no athletes upon opening in December of 2004, to more than 210 full-time athletes by March of 2005. Brian Founded the International Youth Conditioning Association in 2005 and has since spearheaded the worldwide movement to better educate Fitness Professionals, Allied Health and Medical Professionals as well as Sport Coaches on the concepts and practical application of youth fitness and sport performance training.

He has offered lectures on his methodologies throughout the world, including - New Zealand, Canada, Ireland, Sweden, Italy, Australia, Czech Republic

Franchise Broker: None

Item 3: Litigation

No litigation is required to be disclosed in this item.

Item 4: Bankruptcy

No bankruptcy information is required to be disclosed in this disclosure document.

Item 5: Initial Fees

All franchisees pay an Initial Franchise Fee of \$14,995 for the first ten units sold, and \$19,995 thereafter. Please refer to the State Addenda for additional information regarding specific state

requirements. You must pay the Initial Franchise Fee in full on the date you sign the Franchise Agreement. The Franchisor may offer up to 50% financing for non-brokered transactions with interest at 10%, payable monthly over two years.

We will not refund any of the Initial Franchise Fee.

You pay us or our affiliates no other fees or payments for services or goods before your business opens.

Item 6: OTHER FEES*

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Continuing Royalty	6% of Gross Receipts	Payable the 5 th of each month	Payable to and collected by us.
Grand Opening Marketing	\$4,000	Grand opening only.	Payable to third party vendors and customers. Products may be supplied by Franchisor at cost plus 15%.
National Advertising	None	N/A	N/A

*Except where otherwise specified, we or our affiliates impose all the fees in this table, you pay us or our affiliate. No fees are refunded.

(1) Type of Fee	(2) Amount	(3) Due Date	(4) Remarks
Franchise products, and supplies.	Current prices are listed and updates will appear in the Operation Manual.	On orders.	You must buy our products from us.
Annual Meeting.	\$600 plus travel related expenses.	When we request.	Details provided annually.
Initial Training after two people.	\$450 per day plus travel expenses.	Costs for trainer are due before beginning of training.	We include the Initial Training Program for 2 people in the Initial Franchise Fee. All Managers you appoint later must also complete the Initial Training Program.
Interest and late payment fee.	18% per annum or the maximum rate allowed by law which ever is less. Late payment fee. 5% of amount due.	When we request.	You must pay interest on any past due amounts to us. Late payment fee charged on any fee due that is late.
Renewal Fee.	\$5,000.	Before we sign renewal agreement.	(See Item 17).
Transfer Fee.	\$7,500.	Before we approve the transfer.	(See Item 17).
Additional Assistance.	\$450 Per Day.	On Order.	We provide opening assistance free. We provide telephone assistance free. Onsite additional assistance is provided for a fee.

Item 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(1) Category Of Investment	(2) Amount	(3) Method Of Payment	(4) When Due	(5) To Whom Paid
Initial Franchise Fee	\$14,995 for the first 10 sold and \$19,995 thereafter (See Note 1).	Lump Sum. (See Item 10 for financing).	At signing of Franchise Agreement.	Us.
Travel and Living expenses while training	\$2,000 – \$5,000.	As incurred.	As incurred.	Airlines, hotels, restaurants, etc.
Real Property	(See Note 2).	(See Note 2).	(See Note 2).	(See Note 2).

*Unless otherwise stated, none of the expenses described in this chart are refundable.

(1) Category Of Investment	(2) Amount	(3) Method Of Payment	(4) When Due	(5) To Whom Paid
Equipment, fixtures, other fixed assets, construction, remodeling, leasehold improvements and decorating costs.	\$20,000 to \$55,000.	(See Note 3).	As supplier or landlord requires.	Supplier or landlord requires.
Signs.	\$3,000 to \$5,000.	Lump sum.	Prior to opening.	3 rd party vendor.
Opening Promotion.	\$4,000.	Cash.	As Purchased.	Supplier or Franchisor.
Point of sale system (Computer and software).	\$3,500.	Cash.	As Purchased and monthly fee of \$150.	Supplier.
Real estate security deposits, utility deposits, business licenses, and other prepaid expenses.	\$3,000 – \$5,000 (See Note 5).	As agency requires.	As agency requires.	Agency.
Uniforms for Employees.	\$500 - \$1,000.	As supplier requires.	As supplier requires.	Supplier.
Utilities.	\$500 to \$1,200.	Check.	Monthly.	Supplier.
Insurance (annual premium).	\$1,200 – \$1,800.	As agent requires.	Before opening.	Insurance Agent.
Additional funds-3 months (See Note 5).	\$18,414 to \$25,953	Cash or Check.	Payroll weekly, other expenses according to agreed-on terms.	Employee, supplier of goods and services (See Note 6).
TOTAL	\$71,109 - \$127,248 excluding real property if purchased (See Note 7).			

1. Franchise Fee. We may finance non-brokered franchise sales up to 50% payable monthly over 2 years at 10% APR.

2. Real Estate. Typical locations are expected to be leased in commercial strip centers. You should plan 1,500 to a maximum of 2,200 square feet for your Center. Rent is estimated at

\$15/sq. ft. to \$20/sq. ft. depending on the location in the country and in your city. Three months rent is allocated in the "Additional Funds" column. Cost of purchased real estate is not in these calculations because purchasing real estate would be outside the norm for this type of franchise. Tenant build-out is variable based on space needs.

3. Depending on the space you select for your Center your build-out may be extensive or minimal. Leasehold Improvements and remodeling may be included as part of your lease package, and if not, landlords will frequently finance all or part of the build-out in your lease.

4. The estimates of additional funds for the initial phase of your business is based on your staff salaries and operating expenses for the first three months of operation. The estimate of additional funds does not include an owner's salary or draw. The additional funds will vary by your area; how much you follow our methods or procedures, your management skill experience and business acumen; the relative effectiveness of your staff; local economic conditions; the local market for your services and products; the prevailing wage rate; competition and sales levels reached during the initial period. You must provide security deposits for utilities and rent (and possibly for other items). On average we used total estimated operating expenses for three months with no income offset.

5. All fees are non refundable unless indicated.

6. In completing these estimates we have relied on similar Center operations. You should review these figures carefully with a business or franchise advisor before making a decision.

Item 8: Restrictions on Sources of Products and Services

At the present time, we do not have proprietary products. For required products that the franchisee must carry, we will negotiate the best contract using volume discounts and require you to buy the product at cost plus 15%, adding any shipping cost.

You will be required to purchase a computer and point of purchase software.

Currently there are no other items for which we or our affiliates are approved suppliers or the only approved suppliers. None of our officers or directors owns an interest in a required product supplier.

We will provide you with written specifications governing the minimum standards of certain products, services or equipment you procure from unrelated third parties. We may modify our specifications in writing later, and may add new specifications in writing. You may purchase these items from any supplier whose product, service or equipment meets our specifications.

We do not maintain written criteria for approving suppliers, and thus these criteria are not available to you or your proposed supplier. If we name a supplier for a product or service, you may contract with an alternative supplier if the product they supply is the same. To obtain our written approval for the alternative supplier, you must submit a written request to us for approval of the supplier and the supplier must meet our product specifications to our reasonable satisfaction. We may test, at your expense, the product or service of any supplier you propose. We will give you notice of our approval or disapproval within 3 to 6 weeks, depending on the nature of the product or service. If we revoke approval of any supplier, we will give you written notice.

We do not give a material benefit to you for purchasing of a particular product or service through designated or approved suppliers except to the extent that a purchase from an unapproved vendor or supplier might be a breach of your Franchise Agreement. We may be paid by vendors or suppliers.

We have not received any fees or discounts from any supplier in 2008.

There are no purchasing or distribution cooperatives.

There are no supplies contracts at this time.

Item 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section In Agreement	Disclosure Document Item
a. Site selection and acquisition/lease.	Section 3.04 of Franchise Agreement, Exhibit 1.	Items 6 and 11.
b. Pre-opening purchases/leases.	Article 8 of Franchise Agreement.	Items 8.
c. Site development Training and other pre-opening requirements.	Article 3,7,8 of Franchise Agreement.	Item 11.
d. Initial and ongoing training.	Article 7.	Item 11.
e. Opening.	Section 4.03 (c) of Franchise Agreement.	Item 11.
f. Fees.	Articles 4,5,8,9 of Franchise Agreement.	Items 5 and 6.
g. Compliance with standards and policies/Operating Manual.	Articles 2,3,6,7,8, of Franchise Agreement.	Items 7, 8, 11, 15 and 16.
h. Trademarks and proprietary information.	Sections 1.10, Articles 6,8 of Franchise Agreement.	Items 13 and 14.
i. Restrictions on products/services offered.	Articles 2,3,8,9, of Franchise Agreement.	Articles 2,8,9 Section 3.01.
j. Warranty and customer service requirements.	Not Applicable.	Item 16.
k. Territorial development and sales quotas.	Not Applicable.	Item 12.
l. Ongoing products/service purchases.	Article 8 of Franchise Agreement.	Items 6 and 8.
m. Maintenance, appearance and remodeling requirements.	Sections 3.02 and 5.02 of Franchise Agreement.	Item 11.

n. Insurance.	Section 8.11 of Franchise Agreement.	Item 6.
o. Advertising.	Article 4.03 of Franchise Agreement.	Item 11.
p. Indemnification.	Section 13.02 of Franchise Agreement.	Item 6.
q. Owner's participation/management/staffing.	Sections 8.01 of Franchise Agreement.	Item 15.
r. Records and reports.	Article 4, Section 8.02, 8.12 of Franchise Agreement.	Item 6.
s. Inspections and audits.	Sections 8.12, 8.13 of Franchise Agreement.	Item 6.
t. Transfer.	Article 9 of Franchise Agreement.	Item 17.
u. Renewal.	Section 5.02 of Franchise Agreement.	Item 17.
v. Post-termination obligations.	Article 12 of Franchise Agreement.	Item 17.
w. Non-competition covenants.	Article 8.15 of Franchise Agreement, Exhibit 6.	Item 17.
x. Dispute resolution .	Article 11 of Franchise Agreement.	Item 17.
y. Other Guarantee of Franchisee obligation (See Note 1).	Exhibit 7.	Item 17.

Note 1. Each individual who owns a 5% or greater interest in a franchisee that is a corporation or other business entity must sign an agreement not to compete (Exhibit 2) and an agreement assuming and agreeing to discharge all obligations of the franchisee under the Franchise agreement (Exhibit 2).

Item 10: Financing

We may offer you financing for up to 50% of the initial franchise fee if you meet our qualifications and are not referred by a broker. We do not offer any other direct or indirect financing. The following table summarizes the financial arrangement we may offer you.

Source of Financing.	Us.
Amount Financed.	Up to 50% of initial fee.
Down Payment.	50%.
Term (number of years).	2 years.
Rate of Interest plus finance charge.	10% APR.
Monthly Payment.	Varies depending on amount financed.
Prepayment Penalty.	None.
Security Required.	Security interest in franchise and any equipment.
Guarantee.	Personal guarantee from owners.

Liability upon Default.	Termination of franchise; you must pay entire amount due and our attorneys fees and court costs in collecting debt.
Loss of Legal Rights Upon Default.	None.

Item 11: Franchisor’s Assistance, Advertising, Computer Systems and Training

Except as listed below, we are not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your Athletic Revolution Center, we will:

- (1) Designate your Territory (Franchise Agreement, Section 2.01 and Exhibit 1).
- (2) Approve or disapprove a site for your Athletic Revolution Center location. We do not currently own sites for leasing to franchisees. You select the site for your Center location in your Territory. We approve or disapprove your proposed site (Franchise Agreement, Sections 3.01, 3.02, 3.03, 3.04, 3.05).

We have 30 days from your written proposal to approve or disapprove any site you propose. We disapprove sites in writing. If you cannot find a suitable location within 120 days following the date we sign the Franchise Agreement, we can terminate the Franchise Agreement. There is no refund of the Initial Franchise Fee (Franchise Agreement, Section 3.01).

We consider the following factors in approving sites: the size of your Territory; the market potential and estimated volume of your business; the general location, neighborhood, and nearness of customers; Center visibility; co-tenants; attractiveness; size of the space; age and condition of the shopping center or building; the location and convenience of the entrances; the availability of parking; the availability of location and necessary zoning; the location of competitors; expected overhead; lease terms; and, traffic patterns.

- (3) Review your final plans and specifications for your Athletic Revolution Center promptly and approve or provide comments on the plans and specifications you submit. We will provide you with the names of designated or approved suppliers for construction in the area if we have them. We do give specifications for some items of the design, construction, furniture, fixtures, equipment and decoration of the Center. We do not deliver or install any of these items (Franchise Agreement, Sections 3.01, 3.02).
- (4) Approve or disapprove all signs, posters and displays in writing before installation or display. We provide you with the names of designated or approved suppliers if we have them or we do make specifications for these items, but we do not deliver or install any of these items (Franchise Agreement, Section 3.03). We may receive fees from vendors or suppliers.
- (5) Lend you a copy of the Confidential Operation Manual (the “Manual”). You must strictly comply with the Manual in operating your business. We can change the Manual, and

you must comply with these changes when you receive them, but they will not materially alter your rights and obligations under the Franchise Agreement (Franchise Agreement, Section 3.03, 8.03).

[See below in this Item 11 for the Table of Contents of the Manual as of the date of this disclosure document].

- (6) Furnish you with any written specifications for required products and services. Except for proprietary products, we and our affiliates do not deliver or install any of these items (Franchise Agreement, Section 8.01 to 8.07).
- (7) Sell you our proprietary products (Franchise Agreement, Section 8.04, 8.05). We will make a profit on these items.
- (8) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 10 business days of receipt. If we do not respond within 10 business days, the material is approved (Franchise Agreement, Section 8.18).
- (9) We only suggest prices for your products and services. Any schedule of prices contains only suggestions. You need not accept any of our advice about prices (Franchise Agreement, Section 8.01).

Time to Open

You must open your Athletic Revolution Center within 180 days after we sign your Franchise Agreement. We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Athletic Revolution Center is four to six months. Factors affecting time to open include: obtaining a satisfactory Center location; attendance at and satisfactory completion of our Initial Training Program; arranging for any financing, construction, complying with local ordinances and permitting, completing delivery and installation of equipment and signs; and procuring opening inventory.

Obligations after Opening

During the operation of the franchised business, we will:

- (1) Furnish you with those field support services we consider advisable to provide support and resolve operating problems you encounter (See Franchise Agreement, Section 7.01, 7.04).
- (2) Approve or disapprove any advertising, direct mail, identification and promotional materials and programs you propose within 10 business days of receipt. If we do not respond within 10 business days, the material is approved (Franchise Agreement, Section 8.18).
- (3) Furnish you with any specifications for required products and services (Franchise Agreement, Section 8.01 to 8.07).
- (4) Suggest prices for your services. Any schedule of prices contains only suggestions. You need not accept our advice about prices (Franchise Agreement, Section 8.01).

(5) Continue to sell you our proprietary products (Franchise Agreement, Section 8.04, 8.05).

Advertising

Advertising and Marketing Programs

We do not have a National Advertising Program.

No advertising fund was created in the first half of 2009.

There is no advertising council.

You are not required to participate in a local or regional advertising cooperative.

Other Advertising Information

You may develop advertising materials for your own use, at your own cost. As stated above, we must approve these advertising materials in advance and in writing, but if we do not respond within 10 business days after receiving your proposed advertising material, the material is approved.

You may not have your own Web site on the internet. All advertising on the internet will be done on the Athletic Revolution main page and you will be given a listing for your Territory.

Electronic Point of Sale System

Before the commencement of operation of the franchised Center, you must purchase the required computer hardware, software, Internet connections and service, required dedicated telephone and power lines and other computer-related accessories, peripherals and equipment (the "point of sale system"). You must obtain high-speed communications access for your point of sale system, such as broadband, DSL or other high-speed capacity. You must also maintain a functioning e-mail address for your business.

The specifics for the point of sale system are as follows:

Type of System: New Personal Computer with Windows XP or later installed on the machine. Franchisor must approve system specifications.

Who provides maintenance: Franchisee provides maintenance on the hardware, Franchisor or authorized vendors will provide maintenance to the software required to run the franchise only.

The cost of purchasing or leasing and upgrades: Cost of Purchasing the Computer is \$3,500 or less determined by market costs based on Franchisee's approved system. Cost of software to run the franchise is approximately \$1,200/year.

The Franchisor will have access to all information in the POS System.

Table of Contents of Operating Manual

The following is the Table of Contents of our Operating Manual as of the date of this disclosure document:

Topic	Number of Pages
Section 1: Forward	10
Section 2: Using the Confidential Operations Manual	4
Section 3: Human Resources	31
Section 4: AR System Training	20
Section 5: Head Coach Training	21
Section 6: Assistant Coach Training	3
Section 7: Opening Training Sequence-New Center	7
Section 8: Coaching Staff Handbook	28
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Section 10: Service	19
Section 11: Procedures and Checklists	33
Section 12: Management and Supervision	19
Total Pages	224

Training

After you obtain your Center location and at least four weeks before the opening of your ATHLETIC REVOLUTION Center, we will train you and up to one other person as follows at our Kentucky office.

TRAINING PROGRAM

Subject	Hours Of Classroom Training	Location	Hours Of On The Job Training	Location
Introduction to the AR System	1	Kentucky	0	-
Employee Management, Hiring, Training	1.5	Kentucky	0	-
Sales/Marketing Programs	3	Kentucky	1	Franchisee
Sanitation, Security, Safety	0.5	Kentucky	0	-
Maintenance/Repair of Equipment	0.5	Kentucky	0	-
Customer Care/Service	2	Kentucky	1	Franchisee
Reporting Requirements	0.5	Kentucky	1	Franchisee
Open Q and A	1	Kentucky	0	-
Daily Operations	1	Kentucky	1	Franchisee
Website Management	1.	Kentucky	1	Franchisee
Program Structure/Assessment Tools	3	Kentucky	0	-
Software/Billing/Scheduling	2	Kentucky	0	-

We conduct the Initial Training Program approximately four times a year (or more frequently, if needed). The instructional materials consist of The Manual and, DVDs, checklists, demonstrations, practices and quizzes.

The minimum experience of the instructors in the field is relevant to the subject taught, and our operations are from 3 to 15 years. The corporate officer in charge of the training is Nick Berry. His experience is out lined in Item 2.

The Initial Training Program is mandatory for you (if the franchisee is an individual). The Initial Franchise fee includes the cost of the Initial Training Program for 2 people, including you (if the franchisee is an individual) and your manager or other involved individual. You must complete the program, but we do not grade you so there is no requirement that you complete to our satisfaction.

Any Managers you appoint after the opening of your initial training must attend and successfully complete our next scheduled Initial Training Program at the charge of \$450 per day plus travel related expenses incurred by you. You should plan to attend the training as soon as practical after signing the franchise agreement, but you must complete prior to opening your Center.

You can request on-site training and/or assistance at any time. We will provide it at our option, but the Franchise Agreement does not require us to provide it. When available the cost is \$450 per day plus travel costs.

We may periodically conduct an annual conference, convention or training session, and if we do, we will determine its duration, curriculum and location. You (if an individual) and your Manager must attend at least one annual conference, convention or training session per year.

You must pay all the expenses incurred by your trainees or attendees in connection with the Initial Training Program and any other training, conferences, conventions or other meetings your trainees attend, including, for example, their salaries, transportation costs, meals, lodging and other living expenses (Franchise Agreement, Section 7.01 to 7.04).

There are no required refresher courses.

Item 12: Territory

We will grant you a Franchise to participate and use our system at a specific Center location within a Limited Exclusive Territory. The Franchise Territory will consist of a Center location and surrounding trade area. The size of the trade area will be determined based on several factors including population and demographics. The specific address of the Center location will be attached to the Franchise Agreement along with a map and a description of the trade area. As long as you remain in good standing under your Franchise Agreement, neither of us can open another Athletic Revolution Center in the Territory, except we may open a Center in your Territory that is in a major public venue such as an airport, arena, hotel, or cruise ship.

We retain all sales rights for products and services on a web site, through the internet, or by any other means other than within your Center.

We do not pay any compensation to you for soliciting or accepting orders inside the franchise territory.

You may not relocate the Athletic Revolution Center without our written approval, and that may be denied at our sole discretion.

We may consider granting you the right to establish additional Centers under further Franchise Agreements if you are in compliance with the Franchise Agreement and Operations Manual, and you propose to open the Centers in areas and at sites which we approve, but we have no obligation to do so. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories.

There is no minimum sales quota. Continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration or other contingency. We cannot modify your territorial rights for any reason without mutual agreement.

We reserve the rights not expressly granted in the Franchise Agreement. For example, our affiliates or we may own, operate or authorize others to own a Athletic Revolution Center or any other businesses outside your Territory and may operate other kinds business under other Marks within your Territory. We and our affiliates may conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Trademarks.

We (and our affiliates) may sell products or services under the Athletic Revolution Trademarks or other Trademarks within and outside your Territory through any other method of distribution including, sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (together “alternative distribution channels”).

All Franchisees and Athletic Revolution Center owners, including us, may serve customers in their Center who live and work inside your Territory.

We and our affiliates have not established and do not intend to establish any other franchises or company-owned outlets offering similar services or goods under a different trademark anywhere in the United States.

Item 13: Trademarks

The principal Athletic Revolution commercial symbol that we will license to you appears on the cover of this disclosure document.

As used in this Disclosure Document and our Franchise Agreement, the term “Trademarks” includes our trademarks, service marks, trade names, logos and commercial symbols and also includes our copyrighted materials and other intellectual property. The principal Trademarks include those that you will use to identify the franchised business.

The following is a description of the principal Trademarks which we will license to you:

Registration Number	Description of Mark	Principal Or Supplemental Register of the United States Patent and Trademark Office	Registration Date
Serial Number 77641829	Athletic Revolution	Principal Register	12/31/2008
Serial Number 77690095	Athletic Revolution	Pending Application	03/12/2009

We have not yet received a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights of a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expense.

There are presently no effective determinations of the United States Patent and Trademark Office (“USPTO”), any trademark trial and appeal board, any state trademark administrator or

any court, any pending interference, opposition, or cancellation proceeding involving any of the above-referenced Trademarks. There are no currently effective agreements that significantly limit our rights to use or license the use of the Trademarks listed in this section in a manner material to the franchise. There are no infringing uses or superior previous rights known to us that can materially affect your use of the Trademarks in your state or any other state in which the franchised business is to be located.

There is no pending material federal or state court litigation regarding our use or ownership rights in any Trademark. All required affidavits have been filed.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Trademarks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Trademarks. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the Trademarks in violation of the Franchise Agreement.

If you learn that any third party, whom you believe is not authorized to use the Trademarks, is using the Trademarks or any variant of the Trademarks, you must promptly notify us. We will determine whether or not we wish to take any action against the third party, but the Franchise Agreement does not require us to do so. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement.

Item 14: Patents, Copyrights and Proprietary Information

Patents and Copyrights

We do not own any patents.

We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain forms of advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in the Franchise Agreement and Confidential Operating Manual.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this disclosure document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights which could materially affect your use of them in any state.

We have the right to control any administrative proceedings or litigation involving a copyright licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the copyrights, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the copyrights. We will have no obligation to defend or indemnify you if the claim against you relates to your use of the copyrights in violation of the Franchise Agreement.

If you learn that any third party, whom you believe is not authorized to use the copyright, is using it, you must promptly notify us. We will determine whether we wish to take any action against the third party, but the Franchise Agreement does not require us to do so. You will have no right to make any demand or to prosecute any claim against the alleged infringer for the infringement.

Confidential Information

You may never, during your Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated, reveal any of our confidential information and trade secrets to another person or use it for any other person or business except as authorized under your Franchise Agreement. You may not copy any of our confidential information or give it to a third party except as we authorize. All persons affiliated with you must sign our Confidentiality/Non-Competition Agreement (Exhibit-2 to the Franchise Agreement).

Our confidential information will include products, services, equipment, technologies and procedures relating to the operation of the Athletic Revolution systems of operation, services, programs, products, procedures, policies, pricing standards, techniques, requirements and specifications which are part of the Athletic Revolution System; the Operations Manual; records of customers and billings; methods of marketing and advertising; instructional materials; and other matters.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business

At least one principal or an appointed General Manager must be actively involved in the business. You must employ a full time person to supervise and manage the operation of your franchised business, unless we permit otherwise in writing. You must devote the necessary time, and your best efforts for the proper and effective operation of the business. If we license you to operate more than one Center, you, or an appointed General Manager, must devote your (or his) entire time during normal business hours to the management operation and development of the Franchised business and cannot engage in any other business activity requiring your (or his) participation during normal business hours unless otherwise agreed to by us.

If you are an individual, you must either serve as or designate a full-time on-premise Manager for your Center. An entity franchisee must designate an individual Manager. The Manager, who will have day-to-day management responsibility for your Athletic Revolution, will exercise on-premises supervision and personally participate in the direct operation of the Center. We must approve your Center Manager and General Manager, if you have more than one Center. Your Center Manager and General Manager must complete the Initial Training Program to our satisfaction.

If the franchisee is a business entity, the Center Manager need not have any equity interest in the franchisee entity.

The following persons must sign our confidentiality/non-competition agreement (Exhibit-2 to the Franchise Agreement) and keep our confidential and proprietary information confidential (see Item 14):

- Your Center Manager and General Manager, all your other managerial employees and any

other persons to whom you grant access to confidential information.

- If you are a business entity, all your officers, directors, equity holders, members and those of any business entity directly or indirectly controlling you.
- If you are a business entity, each of your owners must sign a personal guarantee in the form of Exhibit-3 to the Franchise Agreement.

Item 16: Restrictions on What the Franchise May Sell

You must offer and sell all products and services, which are part of the Athletic Revolution System, and all services and products we incorporate into the Athletic Revolution System in the future. You may not use the name or Trademarks for any other business. You may not conduct any business from your Center without our previous written consent.

We may add to, delete from, or modify the products and services which you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement.

You may only sell Athletic Revolution products and services at retail, and you may not engage in the wholesale sale and/or distribution of any product, service, equipment or other component. You may advertise for customers living or working outside your Territory, but you may not use alternative distribution channels to solicit them or fill orders (See Item 12).

Item 17: Renewal, Termination, Transfer and Dispute Resolution

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provisions	Section in Franchise Agreement	Summary
a. Length of the franchise.	Section 5.01.	10 years.
b. Renewal or extension of the term.	Section 5.02.	You can sign renewal agreements for terms of 10 years each if we are franchising in this state, and you must notify us 180 days before expiration and comply with conditions.

Provisions	Section in Franchise Agreement	Summary
c. Requirements for franchise to renew or extend.	Section 5.02.	<p>You must:</p> <ul style="list-style-type: none"> a. Be in full compliance with your current agreement. b. Have satisfied all monetary obligations. c. Update your Center to current standards in the current Franchise Agreement and Operating Agreement. d. Complete any required training. e. Renew your Center lease. f. Pay us a renewal fee of \$5,000. g. Sign a General Release (in form of Exhibit 4 to the Franchise Agreement). <p>You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of the Territory will remain the same, and the Continuing Royalty on renewal will not be greater than the Continuing Royalty that we then impose on similarly-situated renewing franchisees.</p>
d. Termination by franchisee.	Article 10.	<ul style="list-style-type: none"> a. You must terminate your Franchise Agreement if you and we agree in writing. b. If you do not pay any money you owe us after notice and opportunity to cure, you are willfully and wrongfully breaching Franchise Agreement and have decided to reject and terminate it and all related agreements.
e. Termination by franchisor without cause.	None.	Not Applicable.
f. Termination by franchisor with cause.	Article 10.	We may terminate only if you default in this section. The Franchise Agreement describes defaults throughout (please read it carefully).
g. "Cause defined"-curable defaults.	Article 10.	You have 7 days to cure, if you do not comply with any Franchise Agreement provision. (Except for non-curable defaults listed in Franchise Agreement and described in h. below).

Provisions	Section in Franchise Agreement	Summary
h. "Cause defined"-non-curable defaults.	Section 3.01, Article 10.	<p>Automatic, without notice: bankruptcy; insolvency; receivership; dissolution or levy; abandonment; knowingly not reporting income or inaccurate income; violation of the transfer provisions; defaults in a material obligation twice in 12 months; defaults in obligation to permit Franchisor to examine Franchisee books; re-identifies Center under another name or mark.</p> <p>On notice to you:</p> <ul style="list-style-type: none"> a. You do not open the Center within 180 days following effective date or cease to operate or abandon the Center. b. You do not start operating your Center within 120 days of signing a lease. c. You are convicted of a felony, fraud, etc. d. You conceal revenues, knowingly maintain false records, or submit false reports. e. You do not cure a default which materially impairs the goodwill of Trademarks within 72 hours' notice. f. After curing a default, you commit the same default again within 12 months. g. You do not purchase or maintain required insurance. h. If you fail to perform a material provision of a lease or sublease on your Center. i. Your actions or lack of actions will result in an immediate danger to public health or safety. j. You fail to deliver any required reports. n. If you close or relocate your Center without complying with your agreement. k. You fail to maintain your independent contractor status. l. You commit an act or permit an act to be committed that violates local, state, or federal law.

Provisions	Section in Franchise Agreement	Summary
i. Franchisee's obligations on termination/nonrenewal.	Article 12.	<ul style="list-style-type: none"> a. Pay all you owe to us, affiliates and third parties. b. Stop using our Trademarks, confidential information and trade secrets, and The Manual. c. Cancel assumed name registration which contains our Trademarks. d. Deliver to us all confidential information, the Manual items with Trademarks. e. Stop using telephone numbers listed in directories using our Trademarks. Assign all telephone numbers. f. De-identify the Center. g. Dispose of stationary and letterhead. h. Stop advertising. i. Comply with non-compete, non-disclosure, non-disparagement agreements. j. Refrain from indicating prior association with Franchisor. k. Return all confidential information, trade secrets, copyrighted information, and training materials. l. Remove all signs carrying the Franchisors Marks. m. Return the Operation Manual. n. Honor Franchisor's right to purchase inventory, equipment and furnishings.
j. Assignment of contract by franchisor.	Section 9.01.	We can assign if the assignee is financially responsible, economically capable of performing our obligations, and agrees to perform them.
k. "Transfer" by franchisee-definition.	Section 9.02.	Any assignment, transfer, sub-franchised, sub-licensed, sale of Agreement, sale of substantially all of the assets or of rights and privileges of the franchise.
l. Franchisor's approval of transfer by franchisee.	Section 9.02.	No transfer without written approval and subject to right of first refusal by franchisor.

Provisions	Section in Franchise Agreement	Summary
m. Conditions for franchisor approval of transfer.	Section 9.02.	<p>a. Transferee must apply to us and demonstrate qualifications necessary to conduct business, including financial resources.</p> <p>b. Transferee and proposed Manager must successfully complete Initial Training Program at transferee's expense.</p> <p>c. You must pay us a transfer fee of \$7,500.</p> <p>d. You must have cured all defaults and paid all you owe us and affiliates.</p> <p>e. Transferee must sign new franchise agreement which may contain different terms. Term of new franchise agreement expires on expiration date of your Franchise Agreement.</p> <p>f. Signing of guarantees by transferee.</p> <p>g. You and owners must sign a General Release Form (Exhibit-5 to the Franchise Agreement).</p> <p>h. Signing of required confidentiality/non-competition agreements.</p> <p>i. You must give us a copy of proposed assignment contract. We must approve it, and you must give us a copy of signed contract.</p> <p>j. Assignee must agree to assume all obligations of Franchisee.</p> <p>k. Pay a sales fee if the sale occurs between the first and twelfth month of operation.</p>
n. Franchisor's right of first refusal to acquire franchisee's business.	Section 9.03.	We have the right to match any offer to purchase your business.
o. Franchisor's option to purchase Franchisee's business.	None.	Not Applicable. We are not obligated by the Franchise Agreement to do so, but if the franchise is terminated, we may buy back inventory, equipment, and fixtures from your location at fair market value. We may change this policy at any time.
p. Death or disability of franchisee.	Section 9.06.	On your death or disability, your rights pass to your "Estate". Your Estate may continue operating the Center if it provides an acceptable Manager. The Manager must successfully complete our next Initial Training Program.
q. Non-competition covenants during the term of the franchise.	Section 8.15.	No involvement in competing business within 25 miles of Franchisee's Territory or any other Athletic Revolution Center.
r. Non-competition covenants after the franchise is terminated or expires.	Section 8.15.	No competing business for 2 years within 25 miles of your Territory or any other Athletic Revolution Center.
s. Modification of the agreement.	Section 14.02.	Modifications must be in writing, signed by all parties, but we may change the Operations Manual. Any Manual changes will not unreasonably increase your obligations in the Franchise Agreement.

Provisions	Section in Franchise Agreement	Summary
t. Integration/merger clause.	Section 14.02, 14.05.	Only the terms of the Franchise Agreement, Exhibits and all agreements signed with it are enforceable. Nothing in any Agreement may disclaim representations in the Franchise Disclosure Document. (subject to state law).
u. Dispute resolution by arbitration or mediation.	Article 11.	Requires mandatory mediation and settlement conferences, mandatory arbitration after mediation, and list of certain disputes not subject to arbitration. Also requires individual action, prohibits class actions, and limits damages, with venue in Kentucky which could increase Franchisee cost. The choice of law is Kentucky.
v. Choice of forum.	Section 11.06.	Hardin County, Kentucky
w. Choice of law.	Section 11.04.	Kentucky law applies.

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

See the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

Item 18: Public Figures

We do not use a public figure in the promotion of Athletic Revolution.

Item 19: Financial Performance Representations

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following Revenue/Expense Matrix is not an example of any specific store but a chart to show you numbers of income you could make based on a set group of assumptions. The matrix allows you to pick the number of members you wish to assume might be obtainable in a store you would operate and allows you to see how many members you would have to have before the Center could make money based on a certain set of normal expenses.

There is no specific Center included so there are no characteristics to compare whether or not they would materially differ from a Center you may be offered as a potential Franchisee.

The financial performance representation is not a historic representation about our systems Centers, but is a forecast of your future financial performance based on a given example of expenses and revenue which you can use as a comparison.

YOUR FINANCIAL RESULTS ARE LIKELY TO DIFFER FROM RESULTS STATED IN THE FINANCIAL PERFORMANCE REPRESENTATION MATRIX.

**Revenue/Expense Matrix – Athletic Revolution Youth Fitness Center
(See Notes and Assumptions)**

	A	B	C
Revenue	Gross	Gross	Gross
New Clients	240	360	480
Total Clients (at year end)	116	174	232
Initiation fee	\$11,760.00	\$17,640.00	\$23,520.00
Cash Collected	\$9,288.00	\$13,932.00	\$18,576.00
Monthly EFT	\$111,767.41	\$167,651.11	\$223,534.82
Retail	\$0.00	\$0.00	\$0.00
Total Revenue	\$132,815.41	\$199,223.11	\$265,630.82
Concurrent Pgm Revenue:	\$11,640.00	\$17,460.00	\$23,280.00
Gross Revenue	\$144,455.41	\$216,683.11	\$288,910.82
Expenses			
Operator Compensation	\$49,552.29	\$65,328.44	\$81,104.59
Part Time - Compensation	\$5,275.07	\$7,912.61	\$10,550.15
Accounting	\$3,900.00	\$3,900.00	\$3,900.00
Advertising/Marketing	\$18,000.00	\$18,000.00	\$18,000.00
Liability Insurance	\$1,200.00	\$1,500.00	\$1,800.00
Legal	\$500.00	\$500.00	\$500.00
Royalties	\$8,667.32	\$13,000.99	\$17,334.65
Miscellaneous	\$6,000.00	\$6,000.00	\$6,000.00
Taxes/Licenses	\$1,500.00	\$1,500.00	\$1,500.00
Process fees	\$5,055.94	\$7,583.91	\$10,111.88
Rent	\$22,500.00	\$36,000.00	\$44,000.00
Utilities	\$6,000.00	\$6,000.00	\$6,000.00
Payroll Tax	\$4,611.37	\$6,225.49	\$7,692.73
TOTAL	\$132,762.00	\$173,451.44	\$208,493.99
GROSS PROFIT	\$11,693.41	\$43,231.68	\$80,416.82
Operator Compensation	\$49,552.29	\$65,328.44	\$81,104.59
Profit and Income	\$11,693.41	\$43,231.68	\$80,416.82
Total Benefits to Owner	\$61,245.71	\$108,560.12	\$161,521.41

Please Note: This Matrix has been prepared in an attempt to assist a potential franchise in developing their own idea for what the potential return is for their investment in this franchise. The chart is designed to show you various possibilities for both income and expenses of a center depending on your success. Higher numbers of clients represent potential growth. We

make no representation that any specific number of member can be achieved because of all the variable involve in such a prediction, including the desire of the individual franchise to work harder to achieve higher results. Ultimately, all business success rest with the individual. We encourage you to speak to business advisors in your area and other franchises for independent input.

ASSUMPTIONS:

Revenue

1. "A" assumes 20 New clients per month for year 1. "B" assumes 30 New Clients per month for year 1. "C" assumes 40 New Clients per month for year 1.
2. Attrition is calculated at 15% of Total Clients in previous month beginning in month 4.
3. Initiation fee is assuming \$49 per New Client.
4. Cash collected is assuming \$129/client per month, with 10% paying program fees in full.
5. Monthly EFT amount is assuming \$129/client per month, with 90% paying via monthly EFT program.
6. retail sales have not been calculated in this model.
7. Concurrent programs are assuming: In "A" additional clients/month, "B" 15 additional clients/month, and "C" 20 additional clients/month. All are \$97/each.
8. Model does NOT represent Revenue from contracted EFT payments which were sold in months 11 and 12 which are received in Months 13 and 14.

Expense

1. Operator Compensation is assuming: \$1500 Monthly Salary, 10% Commission of Sales, \$15 per session. Session calculation below at #3
2. Part Time Compensation is calculated solely on number of sessions @ \$15/per session.
3. Sessions are calculated assuming that: Sessions include 5 Clients each, the Head Coach services 80% of the total sessions, and the Assistant Coach services the remaining 20%.
4. Accounting is assuming \$500 Month 1 with \$325 monthly retainer thereafter.
5. Equipment varies based on the required offerings from Perform Better, from \$6000 to \$12000.
6. Liability Insurance is an estimate from our required vendor.
7. Royalties were calculated based on 6%/month.
8. Processing fees based on 3.5% of Gross Sales

9. Rent was calculated using these factors: 'A' is 1500 sq ft at \$15/sq ft, 'B' is 1800 sq ft at \$20/sq ft, and 'C' is 2200 sq ft at \$20/sq ft.

10. Payroll tax is estimated to be 8.5% of gross salaries/wages.

Item 20: Outlets and Franchisee Information

Table No. 1

**System-Wide Outlet Summary
For Years 2006 to 2008**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2006	0	0	0
	2007	0	0	0
	2008	0	0	0
Company- Owned	2006	0	0	0
	2007	0	0	0
	2008	0	0	0
Total Outlets	2006	0	0	0
	2007	0	0	0
	2008	0	0	0
Totals		0	0	0

Table No. 2

**Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2006 to 2008**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
All States	2006	0
	2007	0
	2008	0
Totals		0

Table No. 3

**Status of Franchised Outlets
For Years 2006-2008**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-Renewals	Column 7 Reacquired By Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of The Year
All States	2006	0	0	0	0	0	0	0
	2007	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0
Totals		0	0	0	0	0	0	0

Table No. 4

**Status of Company-Owned Outlets
For Years 2006 to 2008**

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold To Franchisees	Column 8 Outlets at End of the Year
All States	2006	0	0	0	0	0	0
	2007	0	0	0	0	0	0
	2008	0	0	0	0	0	0
Totals		0	0	0	0	0	0

Table No. 5

Projected Openings as of January 2, 2009

Column 1 State	Column 2 Franchise Agreements Signed But Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	1	0

Delaware	0	0	0
Florida	0	2	0
Georgia	0	1	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	2	0
Iowa	0	1	0
Kansas	0	0	0
Kentucky	0	1	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	2	0
Michigan	0	0	0
Minnesota	0	1	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	1	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	2	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	0	0
North Dakota	0	0	0
Ohio	0	2	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	2	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	0	1	0
Texas	0	1	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	1	0
Wyoming	0	0	0
Totals	0	21	0

Exhibit F lists the names of all current franchises and the addresses and telephone numbers of their Centers as of January 31, 2009.

Exhibit G lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this offering circular.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, we have not operated so as of the date of this document, we have not signed confidentiality clauses with current or former franchisees. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There is no trademark-specific franchisee organization associated with the Athletic Revolution franchise system being offered which we have created, sponsored or endorsed.

No independent franchisee organizations have asked to be included in this disclosure document.

Item 21: Financial Statements

The financial statements are attached to this Disclosure Document as Exhibit B.

Item 22: Contracts

Copies of all proposed agreements regarding the franchise offering are included in the Exhibits that follow: A. These include our Franchise Agreement and all exhibits to it (Franchised Territory; Option Agreement; Software License Agreement; Confidentiality/Non-Competition Agreement; Releases; and Guarantee).

Item 23: Receipts

You will find copies of a detachable receipt in Exhibit K at the very end of this disclosure document.

**Exhibit A
To Disclosure Document**

Franchise Agreement and Related Materials

(See Next Page)



ATHLETIC REVOLUTION INTERNATIONAL, LLC

UNIT FRANCHISE AGREEMENT

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Athletic Revolution International, LLC

UNIT FRANCHISE AGREEMENT

This Unit Franchise Agreement ("Agreement") is made and entered into as of this _____ day of _____ 20____, (the "Effective Date"), by and between Athletic Revolution International, LLC, a Kentucky limited liability company, ("Franchisor"), and located at 2009 Oriole Drive, Elizabethtown, KY 42701("Franchisee"), and each person owning 15% or more of Franchisee who will be a party to this Agreement (in such context, "Principal") with reference to the following facts:

BACKGROUND RECITALS

As a result of its expenditure of time, skill, effort and money, Franchisor has developed and will supervise the Athletic Revolution System for operating a youth fitness center using Trademarks and proprietary operating methods as described in this Agreement and Franchisor's "Operations Manual" as amended from time to time.

Franchisor is the owner of the Marks and all rights in respect thereof. Franchisor is engaged in the administration and development of programs for the operation of youth fitness centers and related products (collectively, "Products"), using the Marks, operational techniques, service concepts, membership programs, and proprietary information owned or authorized to be used by and identified with Franchisor. Franchisor's activities in general, and its programs including but not limited to readily recognized color schemes; fixtures and furniture; distinctive interior and exterior; equipment and operations; designs and layouts for the franchise premises; specialized marketing, specialty retail items and promotional activities; unique uniforms, and signs in particular, are undertaken to develop, maintain and enhance the Marks and Franchisor's reputation in its business.

Franchisee desires to be franchised and licensed by Franchisor to use the System, Marks and goodwill of Franchisor to conduct the "Franchised Business" (as defined in Article 1 hereof) at a specific location selected by Franchisee and consented to by Franchisor (the "center"). Franchisor is willing to grant to Franchisee a "Franchise" and license, in accordance with the provisions of this Agreement and the Operations Manual, for the term set forth below.

Franchisee and each Principal acknowledge that, in the administration of this Agreement and in taking actions with respect to its relationship with Franchisee, Franchisor must take into account the needs of the System, the effect upon the System as a whole, and the need to protect the Marks for the benefit of the System.

Article 1 DEFINITIONS

1.01 Abandoned. The term "Abandoned" shall mean closure of the business for a period of five consecutive days without Franchisor's prior written consent. A repeated pattern of closures of the business for periods of less than five consecutive days may result in the business being deemed Abandoned if in the judgment of Franchisor such closure adversely Impacts the Franchised Business. The business shall not be deemed Abandoned if the closure is due to natural disasters or other matters beyond the control of Franchisee (other than Franchisee's inability to make money), provided that Franchisee gives notice of any such closure to Franchisor within ten days after the initial occurrence of the event resulting in such closure and Franchisee acknowledges in writing that such closure is due to one of the foregoing causes and that Franchisee shall reestablish the Franchised Business and be fully operational within 60 days after the initial occurrence of the event resulting in such closure or such longer period as Franchisor may permit.

1.02 Affiliate. The term used to describe a franchisee when acting in a commissioned only bases for certain products developed by the Franchisor and marketed directly to members through the national data base.

1.03 Anniversary Year. The term "Anniversary Year" shall mean the 12 month period between the Effective Date and the first anniversary thereof and between each succeeding anniversary.

1.04 Control. The term "Control" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

1.05 Depository Account. The term "Depository Account" shall mean any and all accounts opened and maintained by Franchisee at a bank or other financial institution that is a participating member of the Automated Clearinghouse ("ACH") network or such other network or system as may be directed by Franchisor, from which Franchisor may make electronic withdrawal of sums due under this agreement.

1.06 Franchised Business. The term "Franchised Business" shall mean the sale of Services and Products pursuant to the business method and certain business procedures set forth by Franchisor for the operation of the business.

1.07 General Manager. The term "General Manager" shall mean an individual Franchisee or the employee or agent of Franchisee who has been designated by Franchisee as the person responsible for the day-to-day operation of the Franchised Business and who has successfully completed "Initial Franchise Training" ("IFT"), if required pursuant to this agreement.

1.08 Gross Receipts. The term "Gross Receipts" shall mean all cash and charge sales of every kind and nature made at or from the franchise business, including but not limited to revenues from services, grooming and retail products, information products, trainings, dietary supplements, vending machines, internet terminals, and any other electronic or mechanical devices (if permitted), excluding only applicable sales taxes.

1.09 Initial Franchise Training (or IFT). The term "Initial Franchise Training" (or "IFT") shall mean training in the System provided by Franchisor, as described in this agreement.

1.10 Marks. The term "Marks" shall mean any and all proprietary mark registered or filed to be registered, in respect of which a registration has been obtained from the United States Patent and Trademark Office and any state, as well as all common law trademarks and service marks, trade names, logos, insignias, designs, slogans and other commercial symbols which Franchisor now or hereafter is authorized to use and does use or authorizes others to use to identify the Franchised Business.

1.11 Member. The term "Member" is used to designate a customer of a Franchise center.

1.12 Operations Manual. The term "Operations Manual" shall mean the manual or manuals whether in physical or digital form containing policies and procedures to be adhered to by Franchisee in performing under this Agreement, which Operations Manual shall include all amendments and supplements thereto provided to Franchisee from time to time.

1.13 System. The term "System" shall mean a comprehensive marketing and operational system prescribed by Franchisor to be used in the conduct of the Franchised Business, as set forth in this Agreement and the Operations Manual, as amended from time to time. The System shall include, among other things, (i) the Marks, (ii) know-how of the Franchised Business Operation, (iii) a physical layout for the business, (iv) advertising, marketing and sales programs and techniques, (v)

training programs, (vi) materials, artwork, graphics, layouts, slogans, names, titles, text and other intellectual property that Franchisor makes available to Franchisee, (vii) product design, packaging, equipment and proprietary systems and (viii) trade dress of the franchise premise. Franchisor, in its sole discretion, may improve or change the System from time to time (including but not limited to adding to, deleting or modifying elements of the System, establishing categories or classifications of franchisees and amending the Operations Manual) for the intended purpose of making the System more effective, efficient, economical or competitive; adapting to or taking advantage of competitive conditions, opportunities, technology, materials or local marketing needs and conditions; enhancing the reputation or public acceptance of the System; and better serving the public.

1.14 Territory. For the first 10 Franchises, the term "Territory" shall be defined as an area that contains at least 20,000 age 6-18 youth. After the first 10 franchises, the "Territory" will contain at least 15,000 age 6-18 youth of the Franchise Business Location as set forth in section 2.01 of this Agreement.

1.15 Transfer. The term "Transfer" shall mean to sell, assign, transfer, convey, pledge, mortgage, encumber, abandon, eliminate or give away, voluntarily or involuntarily, by operation of law or otherwise.

Article 2. THE FRANCHISED BUSINESS

2.01 Grant of Franchise. Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, a license and franchise ("Franchise") to participate in and use the System by conducting the Franchised Business at the center location within a limited exclusive Territory. The Franchise Territory will consist of the center location and a surrounding trade area. The size of the trade area will be determined based on several factors including population and demographics. The specific address of the Athletic Revolution center location will be attached as Exhibit 1 to this Agreement along with a map and description of the trade area. So long as Franchisee remains in good standing under this Agreement, neither Franchisor nor Franchisee will open itself, or through any affiliate or franchisee, any other Athletic Revolution center within the Territory except Franchisor may operate a Athletic Revolution center or sell products and services that are within the definition of this agreement through major public venue such as airports, arenas, hotels, cruise ships or similar public venues even within the Territory with no geographical limit. Franchisee acknowledges that the Franchisor has granted and may in the future operate or grant other licenses and franchises outside the territory. Franchisor retains all sales rights for Products and Services on a website, through the internet or by any other means other than within Franchisees center.

FRANCHISEE SHALL NOT PERSONALLY OR AS PART OF A GROUP OR ENTITY USE THE MARKS (AS DEFINED HEREIN), OPERATIONAL TECHNIQUES, SERVICE CONCEPTS OR PROPRIETARY INFORMATION IN CONNECTION WITH OTHER BUSINESSES OR SERVICES WITHOUT THE EXPRESS PRIOR WRITTEN PERMISSION OF THE FRANCHISOR OR EXECUTIVE OFFICER OF FRANCHISOR, WHICH PERMISSION, IF GRANTED, SHALL BRING SUCH BUSINESSES OR SERVICES WITHIN THE SCOPE OF THE FRANCHISED BUSINESS AND THIS AGREEMENT.

2.02 Reserved Rights. Nothing contained herein shall give Franchisee any right, title or interest in or to the Marks, System, operational techniques, service concepts, proprietary information or goodwill of Franchisor, except such rights as may be granted hereunder. **THE FRANCHISE APPLIES TO FRANCHISEE'S SINGLE LOCATION AND NO OTHER PLACES OF BUSINESS.**

2.03 Area and Scope of Operation. Franchisee shall only operate its Franchised Business from its approved franchise location. Franchisee shall (i) diligently and effectively promote, market, and

engage in the Franchised Business; (ii) develop, to the best of its ability, the potential for the Franchised Business from its approved business location and (iii) devote and focus its attentions and efforts to such promotion and development.

2.04 Extent of Grant. Franchisee understands and agrees that the Franchise and license granted herein shall not apply to, and Franchisee shall not conduct or permit any others to conduct, any retail or wholesale business operations of any kind from the franchise location, unless permitted by Franchisor in writing, and that Franchisee is licensed hereby only for the operation of a retail franchised business to be operated in accordance with this Agreement and only from the approved business location.

2.05 Affiliate Appointment. Franchisor retains all direct marketing rights for products and services sold to Members. These rights include but are not limited to offers sent to Members for products and services offered by direct mail, email, and other promotional means whereby the Members purchase from the Franchisor. Franchisor appoints Franchisee as an "Affiliate" for sales made to Members of Franchise and will pay Franchisee an Affiliate commission on sales to those Members. Commission amounts will be listed in the Franchise Operating Manuals as products and services are developed, added and modified.

2.06 Obligations of Principals. Each Principal and a holder of 5% or more of the stock in the Franchisee hereby agrees, individually and jointly, to comply with and be bound by the terms and provisions of this Franchise Agreement and to sign a non compete agreement.

Article 3. LOCATION OF BUSINESS

3.01 Athletic Revolution Franchise Business

(a) The Franchised Business shall only be operated from the location listed in this agreement, in order to promote the orderly and timely service of its customers.

(b) Premises acceptable to Franchisor from which the Franchise Business will be operated must be located by Franchisee within 180 days after execution of this Agreement. Franchisee must commence operation of the Franchised Business at the location within 120 days after execution of a signed lease for the location. If Franchisee fails to find suitable premises for the Franchise Business or to commence operation of the Franchise within the specified time periods, Franchisor may terminate this Agreement effective on written notice, in accordance with this Agreement (No refund of initial fee). Franchisee shall be deemed to have commenced the operation of the Franchise on the date that Franchisee begins offering products and services for sale from the approved location furnished and equipped in accordance with Franchisor's requirements.

(c) A Site Submittal Package must be submitted and reviewed by Franchisor before any lease for the premises is executed. Franchisor may assist Franchisee in the site selection process with Franchisor reserving the right of final consent to any location. If the Franchisor does not deny the site within 30 days it shall be approved. Franchisor encourages but does not require Franchisee to use 3rd party demographic information to help Franchisee evaluate the site and the area in which it is located, and analyze area income figures, traffic patterns, visibility, population density, competition, zoning, parking, accessibility and other related, relevant circumstances. Franchisor's final consent to the site is not a guarantee that an Athletic Revolution franchise can be successfully operated there. Franchisee is fully responsible for the selection of the site and accepts the risk associated with the site selection relative to the success of the franchise.

(d) Franchisee is encouraged at their own expense to retain a Realtor or attorney skilled in retail leases to ensure necessary lease assignment and other addendums are incorporated into

the lease prior to its submission to Franchisor for review and consent.

3.02 Design and Construction of Retail Space.

(a) Franchisor will provide Franchisee with a sample layout for the approved interior for a Athletic Revolution franchise. At its sole expense, Franchisee must employ approved architects, designers and others as may be necessary to complete, adapt, modify or substitute the specifications for the location. Franchisee shall submit a complete set of final plans and specifications to Franchisor prior to commencing construction built out for the franchise space. Franchisor shall review such plans and specifications promptly and approve or provide comments on the plans and specifications to Franchisee. Franchisee shall not commence construction until Franchisor approves in writing the final plans and specifications to be used. Franchisor shall consult with Franchisee, to the extent it deems necessary, on the construction and equipping of the franchise space (this must be done by approved suppliers), but it shall be and remain Franchisee's sole responsibility to diligently construct, equip and otherwise ready and open the Center. At its sole expense, Franchisee is responsible for obtaining all zoning classifications, licenses, permits, and clearances, certificates of occupancy and center clearances which may be required by governmental authorities.

(b) Franchisee shall use licensed general contractors to perform construction work at the franchise location. Franchisor expressly disclaims any warranty of the quality or merchantability of any goods or services provided by architects, contractors, equipment vendors or any other persons or entities to which it may refer Franchisee. Franchisor shall not be responsible for delays in the construction, equipping or decoration of the center or for any loss resulting from the design or construction since Franchisor has no control over the landlord or developer and numerous construction or related problems that could occur and delay the opening of Franchisee's location. Franchisor must approve in writing any and all changes in the plans prior to construction of the center or the implementation of such changes.

(c) Franchisor shall have access to the location while work is in progress and may require such reasonable alterations to or modifications in the construction of the center, as Franchisor deems necessary. Franchisee's failure to promptly commence the design, construction, equipping and opening of the center with due diligence shall be grounds for the termination of this Agreement. In addition, if Franchisee does not complete the build out of the center in a reasonable time, Franchisor can complete the build out, all expenses of which shall be paid or reimbursed by Franchisee. Before opening of the center and prior to final inspections by any governmental agency, Franchisor shall complete a final "walk through" inspection of the center and issue a written approval. Any deficiencies noted by Franchisor as a result of this inspection must be corrected by Franchisee within 30 days or this Agreement may be terminated without any liability to Franchisor.

(d) At Franchisor's request, but not more often than once every seven years, unless sooner required by Franchisee's lease, Franchisee shall refurbish the center to conform to the then-current building design, trade dress, and color schemes for a new franchise location. Such refurbishment may require expenditures by Franchisee of among other things; structural changes, installing new equipment, remodeling, redecoration and modifications to existing improvements.

3.03 Standards of Operation.

(a) Franchisee agrees that Franchisor, Franchisee, and the Athletic Revolution Franchise System as a whole, will benefit from the maintenance of reasonable standards of quality, similar appearance, and prominent display of the Marks on the franchise premises, trade dress,

packaging, materials, supplies and products used in the operation of the Franchise. Therefore, Franchisee agrees to maintain the standards of quality, appearance and display of the Marks in strict accordance with this Agreement, the architectural plans and the Operations Manual as it may be revised from time to time, and as Franchisor may otherwise direct in writing. In order that Franchisor may establish and maintain an effective network of franchisees for the sale of authorized products, Franchisee specifically agrees that it shall not display the Marks nor, either directly or indirectly, establish any place or places of business for the conduct of any of its Franchise operations without the prior written approval of Franchisor.

(b) Franchisee is not permitted to install promotional displays, vending machines, or any other electronic or mechanical devices on the franchise premises, except with written approval of Franchisor, and subject to further conditions as to the number and appearance of such devices, and their consistency with the operation, image, and reputation of the Athletic Revolution Franchise.

3.04 Assistance in Obtaining Athletic Revolution Premises. The sole responsibility for locating and obtaining a Athletic Revolution location is that of Franchisee. Franchisee and Franchisee's landlord will be required to execute an acceptable form of Lease Assignment Agreement (a sample form is attached as Exhibit 2 hereto) for the franchise location. The term of the Lease Assignment Agreement shall coincide with the term of this Agreement. It is Franchisee's obligation to maintain, refinish, redecorate and re-equip the center location in accordance with the Operations Manual, as it may be amended from time to time, and standards established by Franchisor consistent with that manual. Franchisee is required to post signs and logos as reasonably requested by Franchisor. Franchisee may order their sign from a vendor or their choosing including a recommended vendor of Franchisor. The Franchisor may receive a fee from recommended vendors for their referral to Franchisee.

3.05 Signs. Subject to applicable governmental ordinances, regulations and statutes, Franchisee agrees to erect and maintain, at the franchise location, entirely at Franchisee's expense, standard authorized signs of types recommended by Franchisor. In addition, Franchisee shall prominently display on all forms, advertising, literature and business cards the following words: "Independently Owned and Operated."

3.06 Permission to Relocate. If Franchisee desires to relocate its center, it must request Franchisor's consent upon the following conditions:

(a) Not less than 180 days prior to the desired date of relocation (unless prior notice is impractical because of a required relocation in which event notice shall be made as soon as possible); Franchisee must make a written request for consent to relocate, describing the reasons for the relocation and providing complete written details regarding any proposed new location.

(b) Within 60 days after receiving Franchisee's request, Franchisor shall either consent to or deny in writing such closure or relocation in its sole discretion. In the event of the denial of a proposed relocation, Franchisee may request an alternative proposed new location.

Article 4. PAYMENTS OF FRANCHISEE

4.01 Franchise Fee. The "Initial Franchise Fee" is \$14,995 for the first ten franchisees and \$19,995 thereafter and is due and payable in full, by check payable to Franchisor, when Franchisee signs the Franchise Agreement. The Initial Franchise Fee is not refundable and Franchisor may offer up to 50% financing with interest at 10% payable monthly over 2 years.

4.02 Continuing Royalty. Commencing on the date the Athletic Revolution Center opens for

business, a royalty is due based off 6% of Gross Revenue. Gross Revenue shall be defined on as all revenue from all sources before any deductions for any cost or expenses excluding sales tax.

4.03 Interest on Delinquent Payments. All delinquent payments of any sums due Franchisor shall bear interest at the rate of 18% per annum or the highest amount under state law whichever is less.

4.04 No Accord or Satisfaction. If Franchisee pays, or Franchisor otherwise receives, a lesser amount than the full amount provided for under this Agreement for any payment due hereunder, such payment or receipt shall be applied against the earliest amount due Franchisor. Franchisor may accept any check or payment in any amount without prejudice to Franchisor's right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall constitute or be construed as an accord or satisfaction.

Article 5. TERM

5.01 Initial Term. The initial term of this Agreement shall commence on the Effective Date and expires ten years from that date.

5.02 Additional Term.

(a) Subject to the terms and conditions contained in this agreement, Franchisee shall have the right to extend its Franchise relationship for additional ten year terms, upon the following conditions:

1. Franchisor shall notify Franchisee of the expiration date of the then current term of this Agreement and shall transmit to Franchisee a copy of its then current Unit Franchise Agreement and related Franchise Disclosure Document not less than 180 days prior to the expiration of the initial term, or any subsequent additional term.
2. No later than 30 days after Franchisee receives the current Franchise Disclosure Document and Franchise Agreement. Franchisee shall execute and return two copies of the then current Unit Franchise Agreement. Upon receipt, Franchisor shall execute two copies thereof and return one copy to Franchisee. If Franchisee fails or refuses to execute and return to Franchisor the new Unit Franchise Agreement within the time frame set forth, all of Franchisees rights and options to enter into an additional Franchise term shall expire.
3. Franchisee shall pay an additional term fee of \$7,500 at the time of its execution of the then current Franchise Agreement.
4. Sign a general release form regarding the current business relationship under the existing Franchise Agreement.

(b) If Franchisor determines not to grant an additional term to Franchisee because of a default by Franchisee which is incurable or has not been cured by Franchisee within the applicable time period or failure of Franchisee to fully perform its obligations under the Agreement, then and in such event, Franchisor must give Franchisee notice of its intention not to grant an additional term (i) within the minimum time required by the jurisdictional authorities or (ii) in the absence of

such specific period, within 30 days after Franchisee gives its notice of intention to enter into an agreement for an additional term but not less than 90 days prior to the termination date of the Agreement.

(c) Subsequent to the execution by Franchisee of a Franchise Agreement for an additional term, and prior to the effective date of the new Franchise Agreement, Franchisee shall bring each franchise location into compliance with the standards then applicable to new Franchises.

5.03 Notice of Expiration Required by Law. If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the initial term or any additional term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement shall remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

Article 6. PROPRIETARY MARKS

6.01 Franchise. Franchisor, hereby grants to Franchisee the right during the term hereof to use and display the Marks in accordance with the provisions contained herein and in the Operations Manual, solely in connection with the operation of the Franchised Business. Franchisee acknowledges that Franchisor prescribes minimum standards respecting the nature and quality of the goods and services used by Franchisee in connection with which the Marks are used. Franchisee agrees to be responsible for and supervise all of its employees and agents in order to insure the proper use of the Marks in compliance with this Agreement. Franchisee shall use the Marks solely in connection with the Franchised Business and shall not use or display the Marks in connection with the operation of any other business, the performance of any other service or the conduct of any other retail business or other activity outside the scope of the Franchised Business. The Marks cannot be used in any other manner without the prior written consent of Franchisor. Franchisee agrees that all of Franchisee's use of the Marks under this Agreement inures to the benefit of Franchisor. Nothing herein shall give Franchisee any right, title or interest in or to any of the Marks, except a mere privilege and license during the term hereof to display and use the same strictly according to the limitations provided in this Agreement and the Operations Manual. Franchisee may only use the Marks on the Internet in the manner and as specifically authorized by Franchisor in this agreement and, in the Operations Manual or otherwise in writing. Franchisee agrees that all art work, trade dress, graphics, layouts, slogans, names, titles, text or similar materials incorporating, or being used in connection with the Marks which may be created by Franchisee, its employees, agents and subcontractors and any other party with whom it may contract to have such materials produced pursuant to this Agreement, shall become the sole property of Franchisor, including copyright and trademark rights, and Franchisee agrees on behalf of itself, its employees, its agents, its subcontractors and any other party with whom it may contract to have such materials produced, to promptly execute any and all appropriate documents in this regard. Franchisee agrees to join with Franchisor in any application to enter Franchisee as a registered or permitted user, or the like, of the Marks if required any appropriate governmental agency or entity. Upon termination of this Agreement for any reason whatsoever, Franchisor may immediately apply to cancel Franchisee's status as a registered or permitted user and Franchisee shall consent in writing to the cancellation and shall join in any cancellation petition. The expense of any of the foregoing recording activities shall be borne by Franchisee.

6.02 Acts in Derogation of the Marks and Trade Secrets.

(a) Franchisee agrees that as between Franchisor and Franchisee, the Marks are the exclusive property of Franchisor. Franchisee now asserts no claim and will hereafter assert no claim to any goodwill, reputation or ownership thereof by virtue of Franchisee's franchised or

licensed use thereof or otherwise. It is expressly understood and agreed that ownership and title of the Marks and Franchisor's manuals, bulletins, instruction sheets, forms, methods of operation and goodwill, all existing products and all future new product developments are and, as between Franchisor and Franchisee, shall remain vested solely in Franchisor, and the use thereof is only coextensive with the term of this Agreement. Franchisee acknowledges that the material and information now and hereafter provided and revealed to Franchisee pursuant to this Agreement (including in particular, but without limitation, the contents of the Operations Manual) are confidential trade secrets of Franchisor and are revealed in confidence, and Franchisee expressly agrees to keep and respect the confidences so reposed, both during the term of this Agreement and thereafter. Franchisor expressly reserves all rights with respect to the Marks, confidential trade secrets, methods of operation and other proprietary information, except as may be expressly granted to Franchisee hereby or in the Operations Manual. Franchisor shall disclose its trade secrets to Franchisee by loaning to Franchisee (for the term of this Agreement) manuals and other written material containing the trade secrets, through training and assistance provided to Franchisee hereunder, and by and through the performance of Franchisor's other obligations under this Agreement. Franchisee acknowledges that Franchisor is the sole owner of all proprietary information and trade secrets; that such information is being imparted to Franchisee only by reason of its special status as a franchisee of the System; and that the trade secrets are not generally known to the industry or public at large and are not known to Franchisee except by reason of such disclosure. Franchisee further acknowledges that it shall acquire no interest in the trade secrets, other than the right to utilize them in the development and operation of the Franchised Business during the term of this Agreement. In addition, Franchisee acknowledges that the use or duplication of the trade secrets except as expressly permitted by this Agreement shall constitute an unfair method of competition and that Franchisor shall suffer irreparable injury thereby. Franchisee agrees that it will not do or permit any act or thing to be done in derogation of any of the rights of Franchisor in connection with the Marks, trade names, or methods of operation either during the term of this Agreement or thereafter, and that it will use same only for the uses and in the manner franchised and licensed hereunder and as herein provided. Furthermore, Franchisee and its employees and agents will not engage in any act or conduct that impairs the goodwill associated with the Marks.

(b) In connection with the operation of the Franchised Business, Franchisee agrees that at all times and in all advertising, promotions, signs and other display materials, on its letterheads, business forms, and at the center location and other authorized business sites, In all of its business dealings related thereto and to the general public, it will identify the Franchised Business solely under the names (in such context, the "Business Name"), authorized by Franchisor (together with the words "INDEPENDENTLY OWNED AND OPERATED" on stationery, letterhead and other written materials containing the Marks) or such other similar designation as shall hereafter be prescribed by Franchisor, all in such form, size and style as shall be directed by Franchisor in the Operations Manual or otherwise in writing. Franchisee shall file and keep current a "Fictitious Business Name Statement" (or similar document) with respect to its Business Name in the county or other designated region in which Franchisee is conducting business and at such other places as may be required by law. Before commencing business under the Marks, Franchisee shall supply evidence satisfactory to Franchisor that Franchisee has complied with relevant laws regarding the use of fictitious or assumed names. Franchisee further agrees that it will not identify itself as Franchisor, a subsidiary, parent, division, shareholder, partner, joint venture, agent or employee of Franchisor or any of Franchisor's other franchisees. If Franchisee is a corporation, Franchisee shall not use any of the Marks in its corporate name.

6.03 Use and Modification of Marks. Franchisor may add to, substitute or modify any or all of the Marks or proprietary information related to the Franchise from time to time, by written directive. Franchisee shall accept, use, display, or cease using, as may be applicable, the Marks, including but not limited to, any such modified or additional trade names, trademarks, service marks, logo

types and commercial symbols, and shall within 30 days of receiving notification, commence to implement such changes and use its best efforts to complete such changes as soon as practicable. On expiration or sooner termination of this Agreement, Franchisor may, if Franchisee does not do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary, in Franchisor's judgment, to end and cause a discontinuance of the use by Franchisee of the Marks and Business Name registrations and Franchisor is hereby irrevocably appointed and designated as Franchisee's attorney-in-fact to do so.

6.04 Use of Other Trademarks. Unless otherwise agreed to in writing, Franchisee shall not use or display or permit the use or display of trademarks, trade names, service marks, insignias or logo types other than the Business Name (1) in any advertisement that contains the Marks, (2) in or on the center premises or place of business of Franchisee in any manner that is reasonably visible from outside such center or place of business, in any manner that could lead any person to believe that such other trademarks, trade names, service marks, insignias or logo types or the Products or services with which they are associated are owned or offered by Franchisor.

6.05 Prohibition Against Disputing Franchisor's Rights. Franchisee agrees that it will not, during or after the term of this Agreement, in any way, dispute or impugn the validity of the Marks licensed hereunder, or the rights of Franchisor thereto, or the rights of Franchisor or other franchisees of Franchisor to use the same during the term of this Agreement or thereafter. If Franchisee disputes the validity of the Marks with Franchisor, then Franchisee shall be responsible for all of Franchisor's attorney fees and expenses associated with such dispute.

6.06 Service Mark Infringement Claims and Defense of Marks. If Franchisee receives notice or otherwise becomes aware of any claim, suit or demand against it by any party other than Franchisor or its affiliates on account of any alleged infringement, unfair competition or similar matter arising from its use of the Marks in accordance with the terms of this Agreement, Franchisee shall promptly notify Franchisor of any such claim, suit or demand. Franchisee shall have no power, right or authority to settle or compromise any such claim, suit or demand by a third party without the prior written consent of Franchisor. Franchisor shall defend, compromise or settle at its discretion any such claim, suit or demand at Franchisor's cost and expense, using attorneys selected by Franchisor, and Franchisee agrees to cooperate fully in such matter, and Franchisor shall indemnify and hold harmless Franchisee from and against any and all judgments resulting from such claim, suit or demand arising from Franchisee's use of the Marks in accordance with the terms of this Agreement. Franchisor shall have the sole discretion to determine whether a similar trademark or service mark being is used by a third party is confusingly similar to the Marks being used by Franchisee and whether and what subsequent action, if any, should be undertaken with respect to such similar trademark or service mark.

Article 7. INSTRUCTION AND OPERATING ASSISTANCE

7.01 Initial Training and Assistance.

(a) Franchisor will provide Initial Franchise Training ("IFT") to Franchisee (up to two people) at a location determined by Franchisor. At the time the franchise center is ready to open, Franchisor will provide opening training, center set up, and all post opening reviews and training as specified by Franchisor. Franchisee understands that it is of paramount importance that Franchisee and Franchisee's employees or representatives understand Franchisor's system, and therefore failure to complete IFT to Franchisor's satisfaction, shall be grounds for termination of this Agreement; provided, however, that Franchisee's designated employees that attended shall have the opportunity to either retake the training program or to send one other designated person, approved by Franchisor, to Franchisor's (may also be provided by Franchisor) training program for

an additional charge of \$450.00 per day plus any travel expenses.

(b) Franchisee agrees that Franchisee's center will not be open to the public until Franchisee has satisfactorily completed the training and has taken charge of the operations after securing Franchisor's approval to open. If additional training and/or set up is needed then Franchisee will pay Franchisor \$450.00 per day per representative plus all travel related expenses.

(c) To assist Franchisee in the fulfillment of its responsibilities, Franchisor shall provide the following assistance and materials to Franchisee:

1. Reasonable telephone assistance, without charge, to instruct in all phases of the Franchise operation commencing on the first day that the center is opened for business.
2. Franchisee must designate who will manage the Athletic Revolution center within 60 days before the center opens for business, and this manager (must be satisfactory to Franchisor) must attend and successfully complete IFT to Franchisor's satisfaction. It is highly recommended that at least one Principal of the Franchisee also attend.
3. Any general advertising programs or sales promotion materials currently available for use.
4. Copies of the standard business forms designated in the Operations Manual, as revised from time to time.
5. An approved Gross Receipts reporting system including copies of certain materials and forms to be used in connection therewith.
6. One loaned copy of the Operations Manual and companion confidential manuals provided by Franchisor. If the Operations Manual or other confidential manual is lost or destroyed then Franchisee shall pay Franchisor \$1,000 to replace it.
7. Periodic reviews and follow-up assistance by Franchisor to the extent Franchisor deems necessary to assist Franchisee in management, merchandising, and training in its day-to-day operations.
8. Periodic news releases, available to all franchisees, discussing matters of interest.

7.02 Costs of Initial Training. All costs and expenses (including travel, hotel and meal) of attendees of IFT shall be the sole responsibility of Franchisee. Persons attending IFT must have a demonstrable relationship to the management and operation of the Athletic Revolution center. Franchisor reserves the right to assess a reasonable tuition charge for training all attendees other than Franchisee's manager (or other on-premises supervisor) and a principal of Franchisee.

7.03 Mandatory Meetings. Not more often than once each year, Franchisor may conduct a system-wide or series of regional meetings to discuss Athletic Revolution business activities or other matters relating to the Franchised Business. Attendance of a principal of Franchisee or the Manager at these meetings will be mandatory (and is highly recommended for other principals of Franchisee). Franchisee must pay all costs incurred as a result thereof including the cost of transportation,

accommodations and living expenses. Franchisee may be required to pay Franchisor a fee to attend such annual meetings to help pay their costs. The annual meetings referenced in this section are in addition to any voluntary convention or sales conference that may be established by Franchisor. Franchisor may also require Franchisee's participation in periodic teleconferences to discuss System, marketing or operational matters.

7.04 Staff Training Courses.

(a) Franchisor may make available to Franchisee, from time to time, staff training courses, seminars, conferences, or other programs, in a suitable location at Franchisor's discretion.

(b) Upon reasonable notice, Franchisor may require attendance of designated personnel of Franchisee at training courses, seminars, conferences, conference calls or other programs other than IFT that are deemed by Franchisor to be relevant or appropriate to the successful operation of the System. Franchisor may charge a separate fee for required training courses, seminars, conferences or other programs.

(c) In connection with any staff training courses described, Franchisee shall pay the travel, hotel, meal and all incidental expenses of Franchisee's attendees.

Article 8. OPERATION OF BUSINESS

8.01 Franchisee Operational, Staff and Supplies Requirements.

(a) At least one principal of Franchisee or an Appointed General Manager must be actively involved in the operations of the Franchise. Franchisee shall employ or engage the services of, on a full time basis, at least one on-premises Manager. If Franchisee owns and operates multiple centers, Franchisee must hire a General Manager who shall devote his or her entire time during normal business hours, as defined in the Operations Manual, to the management, operation and development of the Franchised Business and shall not engage in any other business activity requiring his or her active participation during normal business hours. The Supervisor and General Manager must complete Franchisee training.

(b) Franchisee shall continuously operate between the hours of Monday through Thursday, 3:00 pm to 8:00 pm, Friday, 3:00 pm to 7:00 pm and Saturday, 8:00 am to 1:00 pm (except days of religious observance required by religious convictions) unless different hours have been approved in writing by Franchisor based upon the circumstances existing with the particular franchisee, or on a full time and continuous basis, consistent with the schedule of the department center or shopping strip center within which the center is located, except as caused by natural disasters or other matters not the responsibility of or beyond the control of Franchisee. No other business may be operated at the center.

(c) Franchisee understands and agrees that the maintenance of the quality of the services and products offered by each Athletic Revolution franchisee is of primary importance to Franchisor in order to properly promote and protect the public image of each of such products and services, and to protect the Marks under which such Franchisees are licensed to operate. Franchisee therefore agrees to sell only those products and services provided to Franchisee under the terms of this Agreement and to purchase the same only from Franchisor or its suppliers who are recommended in writing to Franchisee. If Franchisee proposes to use anything not approved by Franchisor or from a non-approved supplier, Franchisee must first notify Franchisor in writing at least 30 days prior to proposed initial use date, and then submit to Franchisor sufficient specifications and other information or samples for examination or testing, so that Franchisor can determine whether the

product meets its specifications and standards. In addition, Franchisor reserves the right to revoke its approval upon the supplier's failure to continue to meet Franchisor's specifications and standards.

(d) Franchisee must offer the specific approved list of products and services for a Athletic Revolution franchise. Retail prices may be suggested to Franchisee by the Franchisor but are not required to be followed under any circumstance. Franchisee should report any suggestion of required pricing to Franchisor. Franchisor will receive income in the form of mark-up on all products and supplies, signs, memorabilia and other products they may decide to add in the future.

8.02 Reporting Requirements. Franchisee is required to report to Franchisor on a periodic basis, certain statistical data as Franchisor deems appropriate, including, but not limited to, Gross Receipts received or receivable, gross sales, operating expenses and such other data as further specified in the Operations Manual. Additionally, franchises shall forward to franchisor the name, address, phone number and E-mail address of all customers (members and non members). Such list shall be updated monthly and are the property of the Franchisor and Franchisee.

8.03 Operations Manual.

(a) Franchisee shall operate the Franchised Business in accordance with the Operations Manual, a copy of which shall be provided to Franchisee by Franchisor not later than the beginning of Initial Franchise Training (IFT). Franchisor shall have the right to modify the Operations Manual at any time by the addition, deletion or other modification of the provisions thereof. Franchisor agrees that although such modifications to the Operations Manual may be material in that they may have an effect on the operation of the business, they may not conflict with or materially alter the terms of this Agreement. All such additions, deletions or modifications shall be effective the next business day after Franchisor (i) has deposited written notification thereof to Franchisee with a reliable overnight courier for delivery on the next business day or (ii) sends an electronic copy to Franchisee's e-mail address.

(b) Upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall immediately return the Operations Manual to Franchisor. Except as specifically permitted by Franchisor, at no time may Franchisee, or its employees or agents, make, or cause to be made, any copies or reproductions of all or any portion of the Operations Manual and shall not disclose the terms thereof to any other person except employees and agents of Franchisee when required in the operation of the Franchised Business. If Franchisee loses the Operations Manual or fails to return it to Franchisor when required to do so, Franchisee shall be required to pay Franchisor a fee of \$1,000.

8.04 Equipment and Supplies. Franchisee must have certain supplies, equipment and other items as required by Franchisor under this Agreement or in the Operations Manual in order to fulfill Franchisee's obligations under this Agreement. In this regard, all sales made in the operation of the Franchise shall be recorded upon a Point of Sale System as selected by Franchisor, which may or may not include a locked and non-resettable sales total. If a sale is made within the center the sale must be recorded at the time of sale. If the sale is made away from the center for any reason, it must be recorded as soon as possible after the sale.

8.05 Minimum Product Inventories. Franchisee agrees that it shall, at all times during this Agreement, achieve and maintain at least the minimum types and amounts of inventory of items as specified in the Operations Manual. Franchisee understands and agrees that the maintenance of the quality of the products and services offered by each Athletic Revolution franchisee is of primary importance to Franchisor in order to properly promote and protect the public image of each

of such products and services, and to protect the Marks under which such franchisees are licensed to operate. Franchisee therefore agrees to sell only those products and services provided to Franchisee under the terms of this Agreement and as specified in the Operations Manual and to purchase the same only from designated or approved suppliers that are recommended in writing to Franchisee. Franchisee may reasonably add or delete products or services.

8.06 Uniforms. Franchisor shall be entitled to prescribe standard uniforms and attire for all of Franchisee's Athletic Revolution Trainers and other personnel in order to enhance Franchisor's product and format. Franchisee must obtain such uniforms and attire only from approved manufacturers or distributors in order to maintain consistency.

8.07 Signs and Display Materials. All signs, display materials and other Materials shall be in full compliance with the specifications provided in, and in conformity with, the Operations Manual or approved architectural plans. Said Materials may be purchased and procured by Franchisee from Franchisor or suppliers designated or approved by Franchisor in accordance with Operations Manual guidelines.

8.08 Telephone Numbers. At its sole expense, Franchisee shall obtain "white pages" listings in the form, size and content and in accordance with procedures prescribed by the Operations Manual, in at least one applicable telephone directory of general distribution covering the geographical area containing the Center, or such other areas as Franchisor may direct, of its authorized Business Name as promptly as possible after the center premises have been identified, and shall list the telephone numbers for its Center. Upon the termination of this Agreement for any reason the telephone number must be promptly assigned to Franchisor.

8.09 Depository Account.

(a) Franchisee shall furnish its bank with authorizations necessary to permit Franchisor to access funds from the account for electronic funds transfer for royalty payments and marketing fee payments. Franchisee shall bear any expense associated with such authorizations and electronic funds transfers.

(b) Franchisor shall furnish Franchisee with a written confirmation by letter or email of each such transfer. Franchisee agrees to maintain sufficient funds in the account at all times to cover all royalty fees and marketing contributions payable to Franchisor. If funds in the account are insufficient to cover the amounts payable at the time Franchisor makes a monthly electronic funds transfer, Franchisor will notify Franchisee by email and the amount of the shortfall shall be deemed overdue, and Franchisee shall pay Franchisor, on demand. In addition to the overdue amount, daily interest on such amount from the date it was due until paid, at the rate of 18% per annum or the maximum rate permitted by law, whichever is less shall be due to Franchisor. Entitlement to such interest shall be in addition to any other remedies Franchisor may have. More than two payment defaults will be a breach of this agreement and subject to the loss of the franchise.

8.10 Point of Sale System. Franchisee shall record all sales and all sales receipts of revenue on a prescribed model computerized point of sale system ("POS ") as indicated in the Franchise Operations Manual, Franchisee agrees that certain key data may be made available to or from Franchisor on a daily basis. Financial information required or made available will include but may not be limited to (i) total daily gross sales; (ii) the franchise fee as it relates to those sales; (iii) information pertaining to Franchisee's daily profits and losses; and (iv) automatic electronic modification by Franchisor of key program information such as revised tax tables, operational system flags and new Product Listing Units ("PLU") that may affect Franchisee from time to time. Franchisee *agrees* that no other POS or cash register of any nature will be introduced or employed in the daily operation of any center. Franchisor may, at Franchisor's sole discretion, require the

use of new and improved POS upon prior written notice. All financial records must be kept by Franchisee for at least five years following the end of the calendar year in which they relate. Franchisee shall deliver to Franchisor quarterly, a complete and accurate profit and loss statement and a balance sheet for the preceding half year along with a summarized royalty statement and any other sales data requested by Franchisor on a form specified by Franchisor.

8.11 Insurance.

(a) Franchisee shall have in effect on the Effective Date and maintain during the term hereof insurance in such types and amounts as are specified in the Operations Manual. All policies of insurance to be maintained by Franchisee shall contain a separate endorsement naming the Franchisor (and if required, its affiliated companies), as additional insured parties. Such policies of insurance shall not be subject to cancellation or modification except with 30 days prior written notice to the Franchisor. Franchisee shall cause certificates of insurance showing compliance with the above requirements to be delivered to Franchisor annually upon renewal and at such other times as Franchisor may request.

(b) Throughout the term of this Agreement, Franchisee shall maintain in effect at all times a policy or policies of insurance with an "A" insurance carrier naming Franchisor as an additional insured on the face of each policy at Franchisee's sole cost and expense with at least the minimum policy coverage limits as set forth in the Operations Manual but no less than \$1,000,000 in liability coverage.

(c) Certain states or insurance companies may require special insurance and/or rules as it relates to fitness, training and any other services offered in the Center. Franchisee must secure and maintain such insurance and in amounts described in the Operations Manual.

(d) If Franchisee does not maintain the insurance coverage required in the Operations Manual, Franchisor may purchase such policies of insurance as it deems required and Franchisee shall reimburse Franchisor for all costs of such insurance plus interest cost on the funds advance of the maximum rate allowed by law.

(e) Franchisee shall promptly notify Franchisor of any and all claims against Franchisee or Franchisor under said policies of insurance and shall deliver to Franchisor a certificate evidencing that such insurance is in full force and effect concurrently with the opening of the first Center and each year thereafter. Such insurance certificate shall contain a statement that the certificate shall not be cancelled without 30 days prior written notice to Franchisee and Franchisor.

8.12 Records and Rights of Inspection.

(a) Franchisee covenants and agrees that it shall keep and maintain during the term hereof, and for a period of 60 months following expiration or termination for any reason, full, true and complete records of all revenues and expenditures respecting the center, in the form and manner specified by Franchisor in its Operations Manual and shall permit Franchisor or its representatives or agents selected in the sole discretion of Franchisor, during normal business hours, to examine or audit the books of accounts, bank statements, documents, records, papers, and federal, state and local tax return records relating to the Franchised Business or individual officers, directors, owners, partners, or affiliated or related entities or shareholders. If Franchisor causes an audit to be made and the Gross Receipts as shown by Franchisee's records should be found to be understated by any amount, Franchisee shall immediately pay to Franchisor the additional amount payable as shown by such audit, plus interest thereon at the rate of 18% per annum or the highest rate of interest allowed by law, whichever is lower, computed from the date (or dates) said understated amount (or amounts) were due. If (i) the Gross Receipts are found to be understated by 3% or more or (ii) if Franchisee's records require a substantial effort (as determined in the sole judgment of Franchisor, exercised in good faith) on behalf of Franchisor's auditors to be placed

in a condition readily conducive to audit, Franchisee will be required to immediately pay to Franchisor the entire cost of such audit; otherwise, the cost of the audit shall be borne by Franchisor.

(b) Within 45 days after the end of each of Franchisee's fiscal year, Franchisee shall furnish Franchisor with (i) a Profit and Loss Statement and Balance Sheet of the Franchised Business for the previous fiscal year, and (ii) a statement of Gross Receipts for the previous fiscal year along with any further information Franchisor shall reasonably request. All such financial statements and information shall be prepared in accordance with the guidelines prescribed by Franchisor in the Operations Manual, and shall be certified by Franchisee's Chief Executive Officer or Chief Financial Officer (or an independent Certified Public Accountant), as being true and correct

8.13 Review.

(a) Franchisee shall permit Franchisor and Franchisor's agents to enter the center at any time during normal business hours to conduct inspections; shall cooperate with such inspections by rendering such assistance as Franchisor's representatives may reasonably request; and, upon notice from Franchisor (or Franchisor's agents), shall immediately begin such steps as may be necessary to correct any deficiencies noted during any such inspection.

(b) If as a result of a center review inspection under this agreement, Franchisee's business operations are determined by Franchisor to be unsatisfactory, Franchisor shall itemize such deficiencies and Franchisee shall then have 15 days to correct them. If Franchisee fails to correct these deficiencies within 15 days, Franchisor may send up to three representatives to assist Franchisee in correcting these deficiencies, and Franchisee shall be responsible for reasonable travel and lodging expenses of these representatives, plus pay Franchisor a charge of \$450.00 per day per representative and expenses associated with correction of the deficiencies.

(c) At any other time, Franchisor shall have the right to send representatives at reasonable intervals during normal business hours, into Franchisee's center or other offices to inspect Franchisee's other records, operations, business methods, service, management and administration, to determine the quality thereof and the faithfulness of Franchisee's compliance with the provisions of this Agreement and the Operations Manual. If such other records are not located at the center or an administrative office, Franchisor's representatives shall have the right to inspect said other records, wherever located.

8.14 Compliance with Laws.

(a) Franchisee shall (i) operate the Franchised Business in compliance with all applicable laws, rules and regulations of all governmental authorities, (ii) comply with all applicable wage, hour and other laws and regulations of the federal, state or local governments, (iii) prepare and file all necessary tax returns and (iv) pay promptly all taxes imposed upon Franchisee or upon its business or property.

(b) Franchisee represents and warrants that it shall obtain and at all times maintain all necessary permits, certificates and licenses necessary to conduct the Franchised Business in the localities within which the center or other office is situated. Franchisee shall immediately notify Franchisor of any litigation, arbitration, disciplinary action, criminal proceeding, or any other legal proceeding or action brought against or involving Franchisee, or any entity affiliated with Franchisee, or any agent, employee, owner, director or partner of Franchisee, which notification shall include all relevant details.

8.15 No Other Fitness Business.

(a) Franchisee acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and trade secrets, including, without limitation, information regarding the

operational, sales, promotional and marketing methods and techniques of the Athletic Revolution Wellness System. In consideration for the use and license of such valuable information, Franchisee agrees that it shall not during the term of this Agreement and for a period of 18 months after termination, cancellation or expiration of this Agreement (for any reason), engage in activities within 25 miles of the Territory or any other Athletic Revolution center, nor operate, manage, own, assist or hold an interest, direct or indirect (as an employee, officer, director, shareowner, partner, joint venturer or otherwise), in any youth wellness or athletic development centers, gyms, or business. It is the intention of the parties that Franchisee maximize the Franchised Business and Gross Receipts for the mutual benefit of Franchisor and Franchisee, and any action of Franchisee that diverts business to another entity or diminishes the Gross Receipts of the Franchised Business shall be a material breach of this Agreement. Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons, partnership, or corporation, divert or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System. This section shall also apply to each of Franchisee's directors, officers, general partners, and Principals.

(b) Franchisee acknowledges that the restrictions contained in this section are reasonable and necessary in order to protect legitimate interests of Franchisor, and in the event of violation of any of these restrictions, Franchisor shall be entitled to obtain damages including, without limitation, Continuing Royalty and other fees that would have been payable if such business were included in the Franchised Business, and an equitable accounting of all earnings, profits and other benefits arising from such violation, which rights and remedies shall be cumulative and in addition to any other rights or remedies to which Franchisor may be entitled at law or in equity.

(c) During the term of this Agreement, neither Franchisee nor any of Franchisee's principals shall directly or indirectly engage or be financially involved in (except for ownership of not more than 5% of the outstanding stock, voting and non-voting, of a corporation, the stock of which is traded on a national securities exchange), or be employed by any fitness or youth fitness business selling or offering related products to those sold or offered by Franchisee's franchised business which are a significant aspect of that operation.

8.16 Web Site. Franchisee may not engage in the Franchised Business directly or indirectly through the Internet, except as authorized by Franchisor in the Operations Manual or otherwise in writing. Franchisee is required to be listed and participate in Franchisor's web site. Under no circumstances will Franchisee be authorized to establish its own web site for the purpose of advertising the Marks or the Franchised Business.

8.17 Unauthorized Hiring. During the Term and any renewal Term of this Agreement, and for 18 months after the termination or expiration of this Agreement for any reason, Franchisee agrees not to solicit for employment or hire Franchisor's personnel or the personnel of any of Franchisor's affiliated companies ("Affiliates"), without first obtaining written permission from the employer of the personnel in question. If Franchisee violates this covenant by hiring any such personnel of Franchisor or an Affiliate, then in addition to any other remedy available to Franchisor, Franchisee agrees to immediately pay to Franchisor (or to the Affiliate, if applicable) an amount equal to 200% of the compensation paid by Franchisor or the Affiliate to the employee during the preceding 12 months (or the total time if employed less than 12 months) that he or she was employed by Franchisor or the Affiliate, such sum to be paid not as a penalty, but rather as liquidated damages for Franchisor's (or the Affiliate's) loss of an experienced employee, Franchisors (or the Affiliate's) need to locate, hire and train a replacement employee. Franchisee further agrees during the Term or any renewal Term of this Agreement, and for 18 months after the termination or expiration of this Agreement for any reason, not to solicit for employment or hire any

former personnel of Franchisor or of an Affiliate If such person has been in Franchisor's or the Affiliate's employ within the past 12 months, without first obtaining written permission from the employer of the personnel in question. If Franchisee violates this covenant by hiring any such former personnel of Franchisor's or the Affiliate, then in addition to any other remedy available to Franchisor, Franchisee agrees to Immediately pay to Franchisor (or to the Affiliate, if applicable) an amount equal to 200% of the compensation paid by Franchisor or the Affiliate to the employee during the preceding 12 months (or the total time If employed less than 12 months) that he or she was employed by Franchisor or the Affiliate, such sum to be paid not as a penalty, but rather as liquidated damages for the likely disclosure of Franchisor's (or the Affiliate's) confidential information by the person hired.

8.18 Advertising. You may develop advertising materials for your own use, at your own cost. As stated above, we must approve these advertising materials in advance and in writing, but if we do not respond within 10 business days after receiving your proposed advertising material, the material is approved.

Article 9. ASSIGNMENT

9.01 Assignment by Franchisor. Franchisor shall have the right to Transfer this Agreement, and all of its rights and privileges hereunder to any other person, firm or corporation ("Assignee of Franchisor"); provided that, the, the Assignee of Franchisor is financially responsible and economically capable of performing the obligations of Franchisor hereunder; and the Assignee of Franchisor expressly assumes and agrees to perform such obligations. In the event of such Assignment by Franchisor, Franchisor shall be relieved of all obligations or liabilities then under this Agreement.

9.02 Assignment by Franchisee.

(a) This Agreement is being entered into in reliance upon and in consideration of the singular personal skills and qualifications of Franchisee and its principals and the trust and confidence reposed in Franchisee by Franchisor, or, in the case of a corporate Franchisee, the principal officers thereof who will actively and substantially participate in the ownership and operation of the Franchised Business or, in the case of a partnership Franchisee, the partners thereof who will actively and substantially participate in the ownership and operation of the Franchised Business. Therefore, neither Franchisee's interest in this Agreement and the Franchise granted hereunder nor substantially all of its assets nor any of its other rights or privileges hereunder shall be assigned, transferred, shared or divided, sub franchised, sublicensed, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise, in any manner (collectively, "Assignment by Franchisee"), without the prior written consent of Franchisor and subject to Franchisor's right of first refusal provided for in this agreement. Notwithstanding the foregoing, in the event of the death or legal incapacity of Franchisee, if an individual, or of a stockholder of a corporate Franchisee, or of a partner's of a Franchisee which is a partnership, the transfer of Franchisee's or the stockholders or the deceased partners interest in this Agreement to his or her heirs, personal representatives or conservators, as applicable, shall not be deemed an Assignment by Franchisee (provided that the responsible management employees or agents of Franchisee have been satisfactorily trained at Initial Franchise Training) nor obligate Franchisee to pay any Assignment by Franchisee processing fee nor give rise to the Franchisor's right of first refusal as set forth in this agreement, although such refusal right or obligation to pay shall apply as to any proposed transfer or assignment by such heirs, personal representatives or conservators. However, if Franchisor determines (i) there is no imminent sale to a qualified successor or (ii) there is no heir or other principal person capable of operating the Franchise, Franchisor may immediately commence operating the Franchise on behalf of Franchisee. For such management assistance, Franchisor may charge Franchisee a fee equal to 8% of the Gross Receipts during the Franchisor's operation,

plus the cost of wages for the interim manager.

(b) Should Franchisor elect not to exercise its right of first refusal, or should such right of first refusal be inapplicable, as herein provided, Franchisor's consent to an Assignment by Franchisee shall not be unreasonably withheld; provided, however, that it shall not be unreasonable for Franchisor to impose, among other things, the following conditions precedent to its consent to any such Assignment by Franchisee:

1. the assignee ("Assignee of Franchisee") shall complete Franchisor's application for Franchise, and in connection therewith, Franchisee and Assignee of Franchisee shall fully disclose in writing all of the terms and conditions of the Assignment by Franchisee;
2. the Assignee of Franchisee or the Principals, officers, shareholders or directors of the Assignee of Franchisee in the case of a corporate Assignee of Franchisee, or the partners of the Assignee of Franchisee in the case of a partnership Assignee of Franchisee, demonstrate that it has or they have the skills, qualifications and economic resources necessary, in Franchisor's sole judgment, to conduct the business contemplated by this Agreement,
3. the Assignee of Franchisee and each shareholder of a corporate Assignee of Franchisee expressly assumes in writing for the benefit of Franchisor all of the obligations of Franchisee under this Agreement,
4. the Assignee of Franchisee executes the then current form of Franchise Agreement being used by Franchisor for the remainder of the term of this Agreement or, in the sole discretion of Franchisor, for the initial term of the then current form of Franchise Agreement,
5. Franchisee shall have complied fully as of the date of any such Assignment by Franchisee with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor,
6. the Assignee of Franchisee agrees that Franchisor's Initial Franchisee Training program described in this agreement and any other training or orientation programs then required by Franchisor will be satisfactorily completed by necessary personnel within 30 days after the execution of the above described Franchise Agreement, provided, however, that Assignee of Franchisee shall agree to pay for all of its expenses incurred in connection therewith, including travel, hotel and meal expenses plus a training fee of \$450.00 per day per person payable to Franchisor for Initial Franchise Training (IFT),
7. Franchisee shall pay to Franchisor a non-refundable transfer fee of \$7,500.00, and
8. Franchisee acknowledges that substantial goodwill and Brand identification has been established by its association with Franchisor. Accordingly, if Franchisee sells its Athletic Revolution center between the first and 12th month after the opening date, then Franchisee shall pay Franchisor 30% of the total sales proceeds at the close of escrow. If Franchisee sells its center between the 12th and 24th month after the opening date, then Franchisee shall pay Franchisor 20% of the total sales proceeds at the close of escrow. If Franchisee sells its center between the 24th month and 36th month after the

opening date, then Franchisee shall pay Franchisor 10% of the total sales proceeds at the close of escrow.

(c) If Franchisee is a partnership or other business association, Franchisee shall provide Franchisor at the Effective Date with a copy of Franchisee's partnership agreement or other agreement between the partners and members of the association. If Franchisee is a corporation or limited liability company ("LLC"), Franchisee shall provide Franchisor at the Effective Date with copies of organizational documents, including stock certificates or membership certificates. As a condition to entering into the Franchise, if Franchisee is a corporation or LLC, the following legend must be placed on all stock or membership certificates:

"THE TRANSFER OF THIS STOCK IS SUBJECT TO THE TERMS AND CONDITIONS OF THAT CERTAIN FRANCHISE AGREEMENT DATED _____ BETWEEN _____, THIS COMPANY AND ATHLETIC REVOLUTION INTERNATIONAL, LLC REFERENCE IS MADE TO SUCH FRANCHISE AGREEMENT AND THE RESTRICTIVE PROVISIONS CONTAINED THEREIN AND AS MAY BE OTHERWISE SET FORTH IN THE ORGANIZATIONAL DOCUMENTS OF THIS COMPANY."

(d) If there is an Assignment by Franchisee of this Agreement or the business contemplated hereby, if legally permissible, Franchisee shall also assign all of its rights under any lease for its center to the same Assignee of Franchisee. If Franchisee is a corporation, the cumulative Transfer of 49% or more of its capital stock or voting power shall be deemed to be an Assignment by Franchisee of this Agreement for purpose of the this agreement; provided, however, that a transfer of the Franchise from a sole proprietorship or partnership Franchisee to a corporation, all of the shares of which are owned by the sole proprietor or partners in the same proportionate amount, shall require the payment of a non-refundable Assignment by Franchisee fee of 5% of the then current Initial Franchise Fee in lieu of the Assignment by Franchisee fee described above. Notwithstanding the foregoing, Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever, nor sub-franchise or otherwise transfer, or attempt to sub-franchise or otherwise transfer the franchise so long as it is operated as a Athletic Revolution center, or to transfer or sub-franchise a portion but not all of Franchisee's rights hereunder without the express prior written permission of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole discretion. Any attempt by the Franchisee to assign or any purported assignment by the Franchisee in violation of this section shall be void.

(e) Upon Franchisor's consent to any assignment, Franchisee shall bring all accounts with Franchisor current and shall execute a general release of all claims against Franchisor.

9.03 Right of First Refusal. The right of Franchisee to assign, transfer or sell its interest in the Franchise granted by this Agreement, except for a transfer to the Franchisee's heirs, personal representatives or conservators in the case of his death or legal incapacity, shall be subject to Franchisor's right of first refusal with respect thereto. Franchisor's said right of first refusal may be exercised in the following manner;

(a) Franchisee shall serve upon Franchisor a written notice setting forth (i) all of the terms and conditions of any bonafide offer relating to a proposed Assignment by Franchisee, and (ii) all available information concerning the proposed Assignee of Franchisee.

(b) Within ten days after Franchisor's receipt of such notice (or if it shall request additional information, within ten days after receipt of such additional information), Franchisor may either consent or withhold its consent to such Assignment by Franchisee, or at its option, may accept the Assignment by Franchisee itself or on behalf of its nominee upon the terms and conditions specified in

the notice.

(c) If Franchisor shall elect not to exercise said right of first refusal and shall consent to such Assignment by Franchisee, Franchisee shall for a period of 90 days, be free to assign this Agreement to such proposed Assignee of Franchisee upon the terms and conditions specified in said notice. If, however, said terms shall be materially changed, or if said 90-day period shall have expired, Franchisor shall again have such right of first refusal with respect thereto and Franchisee shall again be required to comply with section 9.03(a) above.

9.04 Transfers to Family Members. Franchisee or a principal owner, if a natural person, may with Franchisor's consent, which will not be unreasonably withheld, Transfer the Franchised Business or an equity interest in Franchisee to such person's spouse, parent, sibling, niece, nephew, descendant or spouse's descendant provided that adequate provision is made for the management of the Franchised Business and the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section 9.04 shall be subject to (i) Franchisor's right of first refusal or (ii) the transfer fee.

9.05 Transfers to Affiliated Corporations. Franchisee or a Principal, if a natural person, a sole proprietorship or a partnership, may without the consent of Franchisor, upon 30 days prior written notice to Franchisor, Transfer the Franchised Business or an equity interest in Franchisee to a corporation entirely owned by such natural person, sole proprietorship or partnership, as the case may be, in the same proportionate amount of ownership as prior to such Transfer, provided that adequate provision is made for the management of the Franchised Business and that the transferor guarantees, in form and substance satisfactory to Franchisor, the performance of the transferee's obligations under this Agreement. No transfer under this section shall be subject to (i) Franchisor's right of first refusal or (ii) the transfer fee.

9.06 Transfers Upon Death, Incapacity. Notwithstanding any of the foregoing, in the event of the death or legal incapacity of Franchisee or a Principal, if a natural person, such person's interest in this Agreement or its equity interest in the Franchisee will Transfer in accordance with such person's will or, if such person dies without a will, in accordance with laws of intestacy governing the distribution of such person's estate, provided that adequate provision is made for the management of the Franchised Business and the transferee is one or more of the decedent's spouse, parents, siblings, nieces, nephews, descendants or spouse's descendants. No transfer under this section shall be subject to (i) Franchisor's right of first refusal or (ii) the transfer fee.

9.07 Restrictions on Granting Security Interests and Sub Franchising. Except as otherwise set forth below, Franchisee shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever, nor sub franchise or otherwise Transfer, or attempt to sub franchise or otherwise Transfer any center so long as it is operated as an Athletic Revolution center, or to Transfer or sub franchise a portion but not all of Franchisee's rights hereunder without the express prior written permission of Franchisor, which permission may be withheld for any reason whatsoever in Franchisor's sole discretion. Notwithstanding anything contained herein to the contrary, Franchisee shall have the right to pledge its accounts receivable (if any) without the prior written consent of Franchisor for the sole purpose of obtaining financing for the operation of the Franchised Business provided Franchisee is in full compliance with all of the terms and conditions of this Agreement, and any other agreement, arrangement or understanding with Franchisor.

9.08 Other Transfers. Except as otherwise provided in this Agreement and subject to Franchisor's right of first refusal, Franchisee or a Principal may effect any Transfer of a direct or indirect interest in this Agreement, in the Franchised Business or in the economic benefits derived

there from, or any equity interest in Franchisee, not permitted by the preceding sections only after written notice to Franchisor and only with Franchisor's written consent, which may not be unreasonably withheld. Franchisor shall exercise its good faith business judgment in determining whether to give or withhold its consent to a Transfer under this section. Such exercise of good faith business judgment shall include Franchisor's consideration of certain skills and qualifications of the prospective transferee which are of business concern to Franchisor, including without limitation, the following: experience in similar retail businesses, financial and operational skills and qualifications, economic resources, reputation and character of such prospective transferees; the ability of such prospective transferee(s) to fully and faithfully conduct the Franchised Business as contemplated by this Agreement; and the effect that the Transfer and the prospective transferees will have or may reasonably be expected to have on the reputation or business operations of the Franchised Business, the System or Franchisor, its parent or any of its affiliates.

Article 10. DEFAULT AND TERMINATION

10.01 General

(a) This Agreement may be terminated unilaterally by Franchisor or Franchisee only for good cause, which for purposes of this Agreement shall mean a material violation of this Agreement and shall include any failure by Franchisee to substantially comply with any obligation, duty or promise under this Agreement. Franchisor or Franchisee shall exercise its respective right to terminate this Agreement in the manner described in this Article.

(b) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor shall have the right to terminate this Agreement, Franchisor shall have the option, to be exercised in its sole discretion, to choose alternative remedies to its right to terminate the entire Agreement.

(c) If Franchisor gives Franchisee written notice to cure a violation of this Agreement, Franchisee shall commence such cure within 24 hours and must effect a complete cure and remedy the damage caused by such violation as fully as possible in the shortest possible time, in no event more than seven days; and Franchisee shall take action to prevent recurrence of the same type of violation.

(d) Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor shall have the right to terminate this Agreement, Franchisor shall in order to preserve its franchise value and to support existing customers, have the right to (i) buy some or all of Franchisee's existing furnishings, fixtures, equipment, supplies or inventory by paying the fair market value (as reasonably determined by Franchisor or by a third party appraiser) for what is purchased within ten business days after notice is sent from Franchisor that it will be making such purchase, (ii) assume the lease for and take possession of the leasehold premises where the Athletic Revolution center is located and (iii) exercise any and all remedies available to it at law or in equity, including without limitation specific performance and damages (including without limitation direct, indirect, special, incidental or consequential damages.) All rights and remedies provided herein shall be in addition to and not in substitution of all other rights and remedies available to a party at law or in equity.

10.02 Termination without Prior Notice. Franchisor shall have the right to terminate this Agreement without prior notice to Franchisee upon the occurrence of any or all of the following events, each of which shall be deemed an incurable breach of this Agreement:

(a) If Franchisee Abandons its franchised center;

(b) To the extent permitted by law (including without limitation the applicable

provisions of the Federal Bankruptcy Act), (i) if Franchisee or a general partner thereof becomes insolvent (as revealed by its records or otherwise), or (ii) if Franchisee files a voluntary petition and is adjudicated bankrupt, or if an involuntary petition is filed against Franchisee and such petition is not dismissed within 30 days, or (iii) if Franchisee shall make an Assignment by Franchisee for the benefit of creditors, or (iv) if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, be appointed to take charge of Franchisee's affairs or any of its property, or (v) if dissolution proceedings are commenced by or against Franchisee (if a corporation or partnership) and are not dismissed within 30 days thereafter, or (vi) if any final Judgment against Franchisee from which no further appeal is available and which is not currently on appeal remains unsatisfied or not bonded of record for 30 days after receipt by Franchisee of actual or constructive notice thereof, and the amount of such judgment exceeds \$50,000.00 or 10% of Franchisee's Gross Receipts for the preceding Anniversary Year, whichever is less;

- (c) If (i) Franchisee has knowingly either inaccurately reported or withheld the reporting of Gross Receipts twice within 12 consecutive calendar months, or if (ii) a Principal has knowingly and directly caused or authorized Franchisee to either inaccurately report or withhold the reporting of any Gross Receipts;
- (d) If Franchisee violates the transfer provisions of this Agreement or otherwise sells, assigns, transfers or encumbers the Marks without the prior written consent of Franchisor as provided above;
- (e) If the franchise center is closed for health sanitation or other governmental reasons by appropriate authorities or if licenses necessary to operate the center are suspended or revoked, and such licenses or substitute licenses have not been reinstated within seven (7) days thereafter;
- (f) If Franchisee defaults in any material obligation twice previously within the preceding 12 months with respect to the same or similar breach; or
- (g) If Franchisee defaults in its obligation to permit Franchisor or its representative or agents to examine or audit books of accounts, bank statements, documents, records, papers or tax return records under this Agreement.
- (h) If Franchisee re-identifies its center under marks other than the Marks of Athletic Revolution.

10.03 Termination with Notice.

(a) If Franchisor gives Franchisee written notice to cure a violation of this Agreement, Franchisee shall commence such cure within 24 hours and must effect a complete cure and remedy the damage caused by such violation as fully as possible in the shortest possible time, in no event more than seven days; and Franchisee shall take action to prevent recurrence of the same type of violation. Franchisor may terminate this Agreement if (i) Franchisee previously received notice of two violations of the same or a similar type within the preceding 12 months, (ii) Franchisee fails to comply with the preceding sentence, provided that if the sole reason for such noncompliance is that such violation was impossible to cure, Franchisor may terminate this Agreement only if Franchisee received notice of one prior violation under this section within the preceding 12 months, or (iii) a Principal directly caused or authorized a violation which materially impaired the goodwill associated with the Marks In Franchisee's geographical area, and either he or she did so knowingly, or Franchisee failed to comply with the preceding sentence, or a Principal had done so once previously within the preceding 12 months. Franchisor may terminate this Agreement if Franchisee uses the Marks in any manner that is not permitted by this Agreement, or takes any

action that incorrectly indicates that certain products or services are associated with the Marks, and Franchisee fails to cure such violation within 24 hours of receipt of written notice by Franchisor to cure.

(b) With respect to any default by Franchisee of its obligation to pay any sums due Franchisor under this Agreement, Franchisor may terminate this Agreement upon not less than seven days prior written notice of such default. If Franchisee cures said default prior to the end of such period, Franchisor's right to terminate shall cease with respect to the breach that has been cured.

(c) Except as otherwise expressly provided herein, Franchisor may terminate this Agreement only upon 30 days prior written notice to Franchisee setting forth the breach complained of in this Agreement or any other agreement to which both Franchisor or any of its affiliates and either Franchisee or any of its affiliates or Principals are party. Upon receipt of such notice, Franchisee shall immediately commence diligently to cure said breach, and if Franchisee shall cure said breach during such period, Franchisor's right to terminate this Agreement shall cease; provided, however, that if, because of the nature of said breach, Franchisee shall be unable to cure the same within said 30 day period, Franchisee shall be given such additional time as shall be reasonably necessary within which to cure said breach, not to exceed an additional 30 days, upon condition that Franchisee shall, upon receipt of such notice from Franchisor, immediately commence to cure such breach and continue to use its best efforts to do so.

(d) A material violation of this Agreement shall mean any action or omission by Franchisee that impairs or adversely affects the System, Franchisor, Franchisee, or the relationship created by this Agreement without limitation, each of the following events, along with the events set forth in above are deemed a material violation of this Agreement. The parties acknowledge, however, that these events do not represent an exhaustive list of material violations of this Agreement, and additional events may occur which individually, or in combination with other events, may constitute a material violation of this Agreement.

It shall be a material violation of this Agreement:

1. If Franchisee fails to pay any sum due Franchisor;
2. If Franchisee fails to perform any material provision of a lease or sublease covering the center premises;
3. If the lease or sublease covering the center premises is terminated or expires and Franchisee fails or is unable to locate suitable replacement premises satisfactory to Franchisor prior to the effective date of such termination or expiration;
4. If Franchisee is convicted of a felony or any other criminal misconduct which Franchisor deems relevant to the operation of the Franchise;
5. If Franchisor makes a reasonable determination that the continued operation of the Franchise by Franchisee will result in immediate danger to public health or safety;
6. If Franchisee fails to deliver to Franchisor any of the periodic reports required in this Agreement;
7. If Franchisee violates any of the provisions of this Agreement relating to use of Franchisor's Marks;
8. If Franchisee Abandons the franchise center;

9. If Franchisee closes or relocates the Center, except as otherwise provided for in this Agreement,
10. If Franchisee fails to maintain an independent contractor relationship with Franchisor;
11. If Franchisee has knowingly either inaccurately reported or failed to report any information as part of its application or qualification as a Franchisee; or
12. If Franchisee or any Principals commit an act, or permit an act to be committed, that violates any federal, state or local law.

10.04 Description of Default. The description of any default in any notice served by Franchisor hereunder upon Franchisee shall in no way preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, mediation, hearing or suit relating to this Agreement or the termination thereof.

10.05 Statutory Limitations. Notwithstanding anything to the contrary in this Article, in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Agreement or the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth herein, and in the event the parties are prohibited by law from agreeing to the shorter periods set forth herein, then this Agreement shall be deemed amended to conform to the requirements of such laws and regulations, but in such event the provisions of the Agreement thus affected shall be amended only to the extent necessary to bring it within the requirements of the law or regulation.

10.06 Extended Cure Period. Notwithstanding anything contained herein to the contrary, in those circumstances under which Franchisor shall have the right to terminate this Agreement, Franchisor shall have the right, to be exercised in its sole discretion, to grant to Franchisee, in lieu of immediate termination of this Agreement, an extended period of time to cure the breach which gave rise to Franchisor's right to terminate, but in no event shall such extended cure period exceed six months from the last day of the cure period otherwise applicable to such breach. Franchisee acknowledges that Franchisor's election to grant such an extended cure period to Franchisee shall not operate as a waiver of any of Franchisor's rights hereunder.

10.07 Continuance of Business Relations. Any continuance of business relations between Franchisor and Franchisee after termination of this Agreement shall not be construed as a renewal, extension or continuation of this Agreement.

Article 11. DISPUTE RESOLUTION

11.01 Dispute Resolution.

(a) Franchisor and Franchisee have entered into a long term franchise relationship which gives rise to an obligation, subject to and consistent with the terms of this Agreement, to endeavor to make the relationship succeed, in light of the overall best interests of the System, as contemplated by this Agreement. To that end, Franchisor and Franchisee acknowledge that they need to attempt to resolve disagreements or disputes before such disagreements or disputes negatively impact the relationship. Good faith communications between Franchisor and Franchisee are an important aspect of that obligation. The provisions of this Article are intended to facilitate such communication and the prompt resolution of any disagreements or disputes between the parties. To the extent any element or aspect of this Article is found, under applicable law, to be unenforceable in any way, it shall not be deemed void but, if possible, shall be enforced to the fullest lawful extent and all other provisions of this Article shall remain in full force and effect.

(b) Except for the disputes described in section 11.02 of this Agreement and except as otherwise specifically modified by this Article 11 any dispute between (i) Franchisor and (ii) Franchisee and any of its equity owners, arising out of, relating to or referencing this Agreement or its breach in any way, including without limitation, any claim sounding in tort arising out of the relationship created by this Agreement, and any claim that this Agreement or any other of its parts is invalid, illegal or otherwise voidable or void, is subject to the dispute resolution provisions set forth in this Agreement

(c) "Affiliates", as used in this Article 11, includes without limitation all shareholders, partners, owners, direct and indirect parents and subsidiaries, all affiliates thereof, and all officers, directors, employees and agents of the foregoing, acting in the course of conducting business activities related to Franchisor or Franchisee, as the case may be.

11.02 Disputes Not Subject To Alternative Dispute Resolution. The following disputes are not subject to the procedures stated in sections 11.03 and 11.04 of this Agreement:

(a) Any disputes relating to (i) Franchisee's use of the Marks, or any other mark in which Franchisor or any of its affiliates has an interest; (ii) acts which otherwise violate Franchisee's obligations under Article 6 of this Agreement or (iii) conduct which is alleged to otherwise infringe the intellectual property rights of Franchisor or any of its affiliates;

(b) Any dispute for which Franchisor is entitled to terminate this Agreement without prior notice under section 10.02 of this Agreement;

(c) Any dispute in any way relating to the scope, application or enforceability of this Article 11;

(d) Any dispute, other than those enumerated above, in which temporary or preliminary injunctive relief is sought, but only to the extent of proceedings for such relief; and

(e) Any dispute with Franchisor regarding the validity of the Marks or disparagement by Franchisee of the Marks.

11.03 Mandatory Settlement Conferences.

(a) If a dispute arises under this Agreement or in respect of the relationship between Franchisor and Franchisee, within ten days after either party sends to the other a written notice of dispute, a principal of each party shall meet (without attorneys being present) and conduct a good faith discussion and negotiation of the issues with a view to arriving at a settlement. If the parties are unable to do so at the initial settlement conference, they shall meet again (without attorneys being present) within ten days thereafter and conduct a second good faith discussion and negotiation of the issues with a view to arriving at a settlement.

(b) The object of any settlement conference under this section is to assist the parties in reaching a mutually acceptable resolution of the dispute. Such settlement conferences shall, in all circumstances, be consistent with the rights and obligations created by this Agreement and shall not be premised on the derogation or diminution of those rights or disregard of those rights. Any and all discussions, negotiations, findings or other statements by the parties made in connection with the settlement conferences shall be privileged and confidential and shall not be admissible into evidence in any ensuing arbitration or litigation.

(c) All settlement conferences between Franchisor and Franchisee shall take place in Hardin County, Kentucky, or other county where the principal place of business of Franchisor is then located. And each party shall bear their own expense.

11.04 Arbitration.

(a) Except disputes not subject to alternative dispute resolution as specifically set forth in section 11.02 above, and only after full compliance with section 11.03 above, any dispute between (i) Franchisor or its related entities, and (ii) Franchisee or a Principal or any of their related entities, arising out of or relating to this Agreement or its breach, including without limitation, any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with section 11.03 hereof, will be resolved by submission to binding arbitration before one arbitrator from the list of panelists having franchise experience and referred by Judicial Arbitration and Mediation Services ("JAMS") and selected by the parties in accordance with JAMS' (I) Streamlined Arbitration Rules and Procedures (if the amount in controversy is less than \$250,000) or (II) Comprehensive Arbitration Rules and Procedures (if the amount in controversy is \$250,000 or more). Each party shall bear its own costs and expenses in preparing for and participating in the arbitration hearing except that each party shall pay one-half of the compensation payable to the arbitrator, one-half of any fees to JAMS and one-half of any other costs related to the hearing proceedings. Both parties may by mutual agreement select a different Arbitration Group. THE ARBITRATOR HAS NO AUTHORITY TO UNILATERALLY AMEND OR DELETE ANY PROVISION OF THIS AGREEMENT. The arbitrator shall have the authority to award attorney's fees to the prevailing party. The arbitration award shall be final and binding on the parties, and judgment on the award may be entered in any Federal or State court having Jurisdiction. It is explicitly agreed by each of the parties hereto that no such arbitration shall be commenced except in conformity with this section 11.04.

(b) Except as specifically modified by this Article 11 and section 14.01 hereof, Kentucky law shall be applied to determine all arbitrated Issues. The Federal Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration govern the enforceability of the agreement to arbitrate contained herein. All hearings and other proceedings shall take place in Hardin County, Kentucky, or other county where the principal place of business of Franchisor is then located.

(c) Prior to any arbitration proceeding taking place, either party may, at its option, elect to have the arbitrator conduct, in a separate proceeding prior to the actual arbitration, a preliminary hearing, at which hearing testimony and other evidence may be presented and briefs may be submitted, including without limitation a brief setting forth the then applicable statutory or common law methods of measuring damages in respect of the controversy or claim being arbitrated.

(d) This arbitration provision shall be deemed to be self-executing and shall remain in full force and effect after expiration or termination of this Agreement. Franchisor and Franchisee agree that arbitration proceedings will be conducted individually by a single plaintiff, and not as a class or by multiple plaintiffs in one action. In the event either party fails to appear at any properly noticed arbitration proceedings, an award may be entered against such party by default or otherwise notwithstanding said failure to appear. Judgment upon an arbitration award may be entered in any court having competent Jurisdiction and shall be binding, final and non-appealable.

(e) The provisions of this section 11.04 shall be construed as independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent Jurisdiction determines that any such provisions are unlawful in any way, such court shall modify or interpret such provisions to the minimum extent necessary to have them

comply with the law.

Franchisor's Initials: _____

Franchisee's Initials: _____

Principal's Initials: _____

11.05 Court Proceedings.

(a) If the dispute is within the purview of section 11.02, either party may avail itself of the right to seek relief from a court of competent jurisdiction in Hardin County, Kentucky, in accordance with the provisions of this Article 11.

(b) If, in an action commenced in a court pursuant to section 11.02 of this Agreement, a party seeks temporary or preliminary injunctive relief, the court hearing the matter shall proceed to adjudicate the issues before it with respect to such relief and shall not delay the entry of any order with respect to such relief; provided, however, that except for matters fully determined in connection with proceedings for temporary or preliminary relief, the dispute resolution procedures set forth herein shall be used. If in an action commenced in court pursuant to section 11.02, the opposing party shall raise a legally sufficient claim by way of defense, cross-claim or counterclaim which is otherwise subject to the dispute resolution provisions of this Article 11, the court hearing the matter shall proceed to adjudicate the issues before it; provided, however, that the court may elect to use the dispute resolution procedures set forth herein with respect to any such defense, counterclaim or cross-claim to the maximum extent feasible, so long as the use of all such dispute resolution procedures may be completed within 60 days from the date the matter is referred to the mediator for that purpose.

11.06 Venue; Submission of issues to Court; Limitation of Damages. The parties hereby agree that in view of the fact that the books, records and business personnel of Franchisor are located, for the most part, in Franchisor's headquarters, and in order to minimize disruption or interference with operation of the franchise system as a whole, Franchisee and Franchisor agree as follows:

(a) Any and all court proceedings arising from matters described in section 11.02 hereof shall be brought in, and only in, a federal or state court of competent jurisdiction in Hardin County, Kentucky. Franchisor and Franchisee hereby consent to the exercise of Jurisdiction by such federal or state courts.

(b) The parties agree that all disputes admitted to the federal or state court pursuant to section 11.02 shall be tried to the federal or state court sitting without a jury, notwithstanding any state or federal constitutional or statutory rights or provisions.

(c) No punitive or exemplary damages shall be awarded against Franchisor, Franchisee, any Principal, or entities related to any of them, in arbitration proceedings, court actions or otherwise under this Article 11, and all claims to such damages are hereby waived. However, the federal or state court is authorized and empowered to award costs and attorney's fees to the prevailing party.

Franchisor's Initials: _____

Franchisee's Initials: _____

Principals' Initials: _____

**Article 12. OBLIGATIONS AND RIGHTS UPON
TERMINATION OR EXPIRATION**

12.01 Franchisee's Obligations.

(a) Except as otherwise set forth with respect to assignment by Franchisor of any or all of its interest in this Agreement, in the event of termination or expiration of this Agreement whether by reason of Franchisee's breach, default, non-renewal, lapse of time, or other cause, in addition to any other obligations provided for in this Agreement, Franchisee shall within seven days discontinue the use or display of the Marks in any manner whatsoever and all materials containing or bearing same and shall not thereafter operate or do business under the Business Name or any other name or in any manner that might tend to give the general public the impression that Franchisee is in any way associated or affiliated with Franchisor, or any of the businesses conducted by Franchisor. In such event, Franchisee also shall comply with the terms of the standard De-Identification Checklist (the form is attached as Exhibit-5) and section 12.02 respecting the return to Franchisor of certain materials and shall not thereafter use, in any manner, or for any purpose, directly or indirectly, any of Franchisor's trade secrets, procedures, techniques, or materials acquired by Franchisee by virtue of the relationship established by this Agreement, including, without limitation, (i) any training or other materials, manuals, bulletins, instruction sheets, or supplements thereto, or (ii) any equipment, videotapes, video discs, forms, advertising matter, marks, devices, insignias, slogans or designs used from time to time in connection with the Franchised Business. At such time as requested by Franchisor, Franchisee shall make its books and records available to Franchisor's representatives who shall conduct a termination audit. If Franchisee fails to complete within 30 days after the date of termination Franchisee's de-Identification from the Athletic Revolution system and a termination inspection, Franchisee must pay a fee of \$1,000 for each day thereafter until the termination inspection and de-identification have been completed.

(b) If there is a termination or expiration as described in section 12.01(a) above, Franchisee shall promptly de-identify as a franchisee, fully complying with the De-Identification Checklist attached as Exhibit-5 and other de-identification procedures listed in the Operations Manual, including without limitation the following:

- (1) Remove at Franchisee's expense all signs erected or used by Franchisee and bearing the Marks, or any word or mark indicating that Franchisee is associated or affiliated with Franchisor,
- (2) Erase or obliterate from letterheads, stationery, printed matter, advertising or other forms used by Franchisee the Marks and all words indicating that Franchisee is associated or affiliated with Franchisor,
- (3) Permanently discontinue all advertising of Franchisee to the effect that Franchisee is associated or affiliated with Franchisor,
- (4) Refrain from doing anything which would indicate that Franchisee is or ever was an authorized Franchisee including, without limitation, indicating, directly or indirectly, that Franchisee was licensed to use the Marks or any other distinctive System features or that Franchisee at any time operated under any name, word or mark associated or affiliated with Franchisor.
- (5) If Franchisee engages in any business thereafter, it shall use trade names, service marks or trademarks (if any) which are significantly different from those under which Franchisee had done business and shall use sign formats (if any) which are significantly different in color and type face; and take all necessary steps to ensure that its present and former employees, agents, officers, shareholders and partners

observe the foregoing obligations; and

- (6) Assign all interest and right to use all telephone numbers and all listings applicable to the Franchised Business in use at the time of such termination to Franchisor and take all action necessary to change all such telephone numbers immediately and change all such listings as soon as possible.

(c) If Franchisee shall fail or omit to make or cause to be made any removal or change described in section 12.01(b) above, then Franchisor shall have the right to enter upon Franchisees premises upon which the Franchised Business is being conducted without being deemed guilty of trespass or any other tort, and make or cause to be made such removal and changes at the expense of Franchisee, which expense Franchisee agrees to pay to Franchisor promptly upon demand; and Franchisee hereby irrevocably appoints Franchisor as its lawful attorney upon termination of this Agreement with authority to file any document in the name of and on behalf of Franchisee for the purpose of terminating any and all of Franchisees rights in the Business Name and any of the Marks.

(d) If the franchise Center is abandoned or otherwise closed for a period of seven consecutive days without Franchisor's prior written consent, Franchisee shall promptly take action to remove any indication that the center is associated or affiliated with either Franchisee or Franchisor, and remove at Franchisee's expense all signs erected or used by Franchisee on, in or in connection with such center and bearing either the Marks or any word or mark indicating that such center is associated or affiliated with either Franchisee or Franchisor, except as otherwise required by law.

(e) For 18 months after termination, assignment, cancellation or expiration of this Agreement, Franchisee and Franchisee's principals agree not to engage in wellness or youth athletic development business within 25 miles of the Athletic Revolution center location or any other Athletic Revolution center. Should this restriction violate the laws of the State of Kentucky or any state, the maximum restriction permitted in Kentucky governs this provision.

12.02 Rights of Franchisor and Franchisee. The expiration or termination of this Agreement shall be without prejudice to any rights of Franchisor against Franchisee and such expiration or termination shall not relieve Franchisee of any of its obligations to Franchisor existing at the time of expiration or termination or terminate those obligations of Franchisee which, by their nature, survive the expiration or termination of this Agreement.

(a) Franchisee is obligated to return, at no expense to the Franchisor, any and all copies of the Operations Manual, computer equipment, video equipment, video tapes, videodiscs, software, software manuals and documentation, and any other communications media and material provided for Franchisee's use in connection with the operation of the Franchised Business.

(b) Within 30 days after termination or the expiration of the Franchise, Franchisor will have the option to purchase all or any portion of Franchisee's business forms as well as all other supplies, marketing materials, signs and documents using any of the Marks. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums due and owing Franchisor, including related reasonable attorneys' fees. Franchisor's purchase price for such materials will be at reasonable used equipment or used material rates, less a reasonable amount for wear and tear as determined by the parties or an independent equipment appraiser. Franchisee shall receive no payment or adjustment whatsoever for any goodwill that Franchisee may have established either prior to or during its operation of its Franchise.

(c) Within 30 days after termination or expiration of this Agreement, Franchisor shall have the option to purchase all or any portion of Franchisee's inventory, equipment, parts, supplies, fixtures and furnishings owned and used by Franchisee in its franchised operation. Franchisor will be permitted to deduct and withdraw from the purchase price to be paid to Franchisee all sums due and

owing to Franchisor. The purchase price for any inventory of merchandise purchased by Franchisor shall be at fair market value or as otherwise negotiated. Nothing contained herein shall be construed as an agreement of Franchisor to purchase any of the above items. If the parties are unable to decide on an appraiser and there is no agreement to repurchase inventory, then all Athletic Revolution center items will be destroyed.

12.03 Franchisor's Right to Cure Defaults by Franchisee. In addition to all other remedies herein granted, if Franchisee shall default in the performance of any of its obligations or breach any term or condition of this Agreement or any related agreement involving third parties, Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach hereunder and without notice to Franchisee, cure such default for the account of and on behalf of Franchisee, and all costs or expenses including attorney's fees incurred by Franchisor on account thereof shall be due and payable by Franchisee to Franchisor on demand.

12.04 Waiver and Delay. No waiver by Franchisor of any breach or series of breaches or defaults in performance by Franchisee and no failure, refusal or neglect of Franchisor either to exercise any right, power or option given to it hereunder or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or the Operations Manual, shall constitute a waiver of the provisions of this Agreement or the Operations Manual with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

12.05 Attorney's Fees and Expenses. Should any party hereto commence any action or proceeding for the purpose of enforcing or preventing the breach of any provision hereof, whether by judicial or quasi-judicial action, arbitration, or otherwise or any appeal there from or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorney's fees for the services rendered to such prevailing party.

Article 13. GENERAL CONDITIONS AND PROVISIONS

13.01 Relationship of Franchisee to Franchisor. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of Franchisor and Franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever, nor to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Franchisee is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees or agents hired or engaged by or working for Franchisee shall be only the employees or agents of Franchisee and shall not for any purpose be deemed employees or agents of Franchisor, nor subject to Franchisor's control; and in particular, Franchisor shall have no authority to exercise control over the hiring or termination of such employees, independent contractors, or others who work for Franchisee, their compensation, working hours or conditions, or the day-to-day activities of such persons, except to the extent necessary to protect the Marks. Franchisee agrees to respond to customer indications of dissatisfaction with services rendered by Franchisee in a diligent and professional manner and agrees to cooperate with representatives of Franchisor in any investigation undertaken by Franchisor of complaints respecting Franchisee's activities. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its

respective employees or agents and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

13.02 Indemnity. Except as otherwise expressly provided, Franchisee hereby agrees to protect, defend and indemnify Franchisor, and their direct or indirect parents, subsidiaries, affiliates, designees, officers and directors and hold each and all of them harmless from and against any and all costs and expenses actually incurred by them or for which they are liable, including attorney's fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature, and including those incurred pursuant to a settlement entered into in good faith, arising out of or in connection with the Franchised Business, including specifically without limitation any claim or controversy arising out of 1. Any injury occurring at Franchisee location. 2. A misrepresentation of any kind by Franchisee, their employees and agents. 3. A physical or monetary injury caused by Franchisee or agent. 4. A breach of any agreement, law, rule or regulation by Franchisee. (i) any Transfer by Franchisee, (ii) acts or omissions of Franchisee which are not in strict compliance with this Agreement and the Operations Manual in respect of use or display of the Marks, or (iii) acts or omissions of Franchisee which tend to create an impression that the relationship between the parties hereto is other than one of Franchisor and Franchisee. Notwithstanding the foregoing, Franchisee shall have no obligation to protect, defend or indemnify Franchisor, or their direct or indirect parents, subsidiaries, affiliates or designees from and against any such costs or expenses arising from conduct of Franchisor found to be willful, malicious or grossly negligent.

13.03 Survival of Covenants. The covenants contained in this Agreement which by their terms require performance by the parties after the expiration or termination of this Agreement shall be enforceable and survive notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

13.04 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Franchisor and shall be binding upon and inure to the benefit of the Franchisee and its or their respective heirs, executors, administrators, successors and assigns, subject to the restrictions on Assignment by Franchisee contained herein.

13.05 Joint and Several Liabilities. If Franchisee consists of more than one person or entity, or a combination thereof, the obligation and liabilities to Franchisor of each such person or entity are joint and several.

13.06 Counterparts. This Agreement may be executed in any number of copies, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument.

13.07 Notices.

(a) All notices which the parties hereto may be required or may desire to give under or in connection with this Agreement shall be in writing and shall be either delivered in person or sent by reliable overnight delivery service, for delivery on the next business day and addressed as follows:

(1) If to Franchisor.

ATHLETIC REVOLUTION INTERNATIONAL, LLC
2009 ORIOLE DRIVE
ELIZABETHTOWN, KY 42701

(2) If to Franchisee, to the address indicated in section 16.02(c) hereof.

(3) If to a Principal, to his or her address as set forth in Exhibit-2 attached hereto.

(b) The addresses herein given for notices may be changed at any time by either party by written notice given to the other party as herein provided. Notices shall be deemed given upon the earlier of (i) when actually delivered in person or (ii) the next business day after deposit with a reliable overnight delivery service for delivery on the next business day.

Article 14. CONSTRUCTION of AGREEMENT

14.01 Governing Law. To the extent applicable, the Lanham Act (15 U.S.C. §1051 et seq.) governs any federal issues involving the Mark. Otherwise, Kentucky law governs this Agreement and the totality of the legal relations among the parties hereto.

14.02 Entire Agreement: Modification Integration. This Agreement and Franchise Operations Manual contains all of the terms and conditions agreed upon by the parties hereto with reference to the subject matter hereof. No other agreements, oral or otherwise, shall be deemed to exist or to bind any of the parties hereto and all prior agreements and understandings are superseded hereby. No officer or employee or agent of Franchisor has any authority to make any representation or promise not contained in this Agreement. Franchisee agrees that it has executed this Agreement without reliance upon any such unauthorized representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto. Nothing in this Agreement or related agreement is intended to disclaim the representation made by the Franchisor in the Franchise Disclosure Document.

14.03 Titles for Convenience Only. Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants or conditions of this Agreement

14.04 Gender. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts or context of this Agreement or any section may require.

14.05 Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement or the Operations Manual and any present or future statute, law, ordinance, regulation or judicial decision, contrary to which the parties have no legal right under this Agreement, the latter shall prevail, but in such event the provision of this Agreement or the Operations Manual thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, section, sentence or clause of this Agreement or the Operations Manual shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining parts thereof shall continue in full force and effect, unless said provision pertains to the payment of fees pursuant to this Agreement, in which case this Agreement shall terminate.

14.06 No Third Party Beneficiaries. This Agreement is not intended to benefit any other person or entity except the named parties hereto and no other person or entity shall be entitled to any rights hereunder by virtue of so-called "third party beneficiary rights" or otherwise.

Article 15. SUBMISSION OF AGREEMENT

The submission of this Agreement to Franchisee does not constitute an offer and this Agreement shall become effective only upon the execution thereof by Franchisor and Franchisee. THIS AGREEMENT SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT SHALL HAVE BEEN ACCEPTED AND SIGNED BY THE PRESIDENT OR OTHER EXECUTIVE

OFFICER OF FRANCHISOR. THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL AND UNLESS FRANCHISEE SHALL HAVE BEEN FURNISHED BY FRANCHISOR WITH ANY DISCLOSURE, IN WRITTEN FORM, AS MAY BE REQUIRED UNDER OR PURSUANT TO APPLICABLE LAW.

Article 16. ACKNOWLEDGEMENTS AND REPRESENTATIONS OF FRANCHISEE

16.01 Certain Acknowledgements and Representations of Franchisee. Franchisee represents and warrants that the following statements are true and accurate:

(a) Franchisee does not seek to obtain the Franchise for speculative or short term investment purposes and has no present intention to sell or transfer or attempt to sell or transfer the Franchised Business or the Franchise.

(b) Franchisee understands and acknowledges the value to the System of uniform and ethical standards of quality, appearance and service described in and required by the Operations Manual and the necessity of operating the Franchised Business under the standards set forth in the Operations Manual. Franchisee represents that it has the capabilities, professionally, financially and otherwise, to comply with the standards of Franchisor.

(c) If Franchisee is a corporation, Franchisee is duly incorporated and is qualified to do business in the state and any other applicable jurisdiction within which the franchise center is located.

(d) The execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

(e) Any individual executing this Agreement on behalf of Franchisee is duly authorized to do so and the Agreement shall constitute a valid and binding obligation of the Franchisee and, if applicable, all of its partners, if Franchisee is a partnership.

(f) Franchisee has, or if a partnership, corporation or other entity, its partners or its principals have, carefully read this Agreement and all other related documents to be executed by it concurrently or in conjunction with the execution hereof, that it has obtained, or had the opportunity to obtain, the advice of counsel in connection with the execution and delivery of this Agreement, that it understands the nature of this Agreement, and that it intends to comply herewith and be bound thereby.

(g) It has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks making the success of the venture largely dependent upon the abilities of the Franchisee. Athletic Revolution International LLC expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, expressed or implied, as to the potential volume, profits or success of the business contemplated by this Agreement.

(h) It is not relying upon any representations by Athletic Revolution International LLC or its officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement, that are contrary to the provisions of this Agreement, any related agreements or the accompanying Disclosure Document.

(i) It has received, read and understood this Agreement and any related agreements; Athletic Revolution International LLC has fully and adequately explained the provisions of each to its satisfaction; and Athletic Revolution International LLC has accorded it ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

(j) It is aware of the fact that other franchisees of Athletic Revolution International LLC may operate under different forms of agreements and, consequently that Athletic Revolution International LLC's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

16.02 Additional Information Respecting Franchisee.

(a) Attached hereto as Exhibit-2 is a schedule containing complete information respecting the owners, partners, officers and directors, as the case may be, of Franchisee.

(b) The address where Franchisees financial and other records are maintained is:

(c) Franchisee has delivered to Franchisor complete and accurate copies of all organizational documents relating to Franchisee, including without limitation all partnership agreements, certificates of partnership, articles or certificates of incorporation, by-laws and shareholder agreements, including all amendments, side letters and other items modifying such documents.

(d) The initial term of this Agreement expires on _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date first above written:

FRANCHISEE:

Name: _____

By: _____

By: _____

PRINCIPALS:

ACCEPTED as of the Effective Date first above written.

FRANCHISOR:

ATHLETIC REVOLUTION INTERNATIONAL, LLC

By: _____

_____, President or Authorized Officer

List of Exhibits to Franchise Agreement:

Exhibit 1 – Franchised Territory

Exhibit 2 - Lease Assignment Agreement

Exhibit 3 - Names and Addresses of Equity Owners, Directors and Officers

Exhibit 4 - Personal Guarantee

Exhibit 5 – De-Identification Checklist

Exhibit 6 – Confidentiality/Non Competition Agreement

Exhibit 7 – General Release – Renewal

Exhibit 8 – General Release - Assignment

Exhibit 1- Franchised Territory

To be selected by the Franchisee.

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EXHIBIT 2 - LEASE ASSIGNMENT AGREEMENT

This Lease Assignment Agreement ("Agreement") made this _____ day of _____, 20____, by and between Athletic Revolution International LLC, a Kentucky limited liability company (hereinafter "Franchisor", "we", "us" or "our") _____ (hereinafter "Franchise" or "you"), and _____ (hereinafter "Landlord") involving the Athletic Revolution center (hereinafter "center") to be located at _____ hereinafter Franchise Location") with reference from the following facts:

A. On _____, 20____, you and landlord entered into a lease agreement ("Lease"), a fully executed copy of which is to be attached hereto as Exhibit 2, pursuant to the terms of which you leased the Franchise Location from Landlord to operate the Athletic Revolution center thereon.

B. On _____, 20____, you and we executed a Franchise Agreement pursuant to the terms of which you obtained a franchise from us to operate the center at the Franchise location.

C. We, you and Landlord desire to enter into this Agreement to define our rights in and to the Franchise Location and to protect our interests in the continued operation of the Athletic Revolution center at the Franchise Location during the entire term of the Lease, and any and all renewals and extensions thereof, and Landlord desires to consent to this assignment on the terms and conditions set forth herein.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, IT IS AGREED:

1. **ASSIGNMENT**

You hereby assign, transfer and convey to us all of your right title and interest in and to the Lease; however, this assignment shall become effective only upon our exercise of the option granted to us in Paragraph 3 herein subsequent to the occurrence of any of the following events:

a. **Default of Lease.** If you shall be in default in the performance of any of the terms of the Lease, unless such default is cured within the period required in the Lease or within ten days following written demand given by us, whichever is sooner;

b. **Default of Franchise Agreement.** The occurrence of any acts which would result in immediate termination as specified in the Franchise Agreement or the continuance beyond the period or periods specified in the Franchise Agreement or any other default by you in the performance of the Franchise Agreement particularly in failing to make the payments required under the Franchise Agreement;

c. **Non-exercise of Option to Renew or Extend.** If you shall have had an option to renew or extend the Lease and shall have failed or elected not to do so within the time

specified in the Lease for such renewal or extension, after having been directed in writing by us to do so;

d. **Sale of Center.** Upon the sale of your entire right, title and interest in and to the Athletic Revolution Center conducted at the Franchise Location as a going concern.

2. CONSENT TO ASSIGNMENT

Landlord hereby consents to this assignment, which consent shall remain in effect during the entire term of the Lease and any and all renewals or extensions thereof, and agrees that the Lease shall not be amended, assigned, extended or renewed, nor shall the Franchise Location be sublet by you, without our prior written consent.

3. EXERCISE OF OPTION BY FRANCHISOR

We shall exercise the option granted herein and thereby make this assignment unconditional by giving written notice to you and Landlord of our exercise of said option in the manner specified in this Paragraph 3 and by thereafter delivering to Landlord, within ten business days after Landlord requests the same, a written assumption of the obligations of the Lease.

We shall have the right, concurrently with or subsequent to our exercise of the option granted herein, to assign and transfer our rights under this Agreement to a new franchisee selected by us to operate the Athletic Revolution center, with the prior written consent of Landlord, which shall not be unreasonably withheld, provided that such new franchisee shall have a credit rating and a net worth adequate for the operation of the center. In such event, such new franchisee shall obtain the assignment of the Lease and shall assume the obligations of the Lease in place and instead of us.

4. TERMINATION OF RIGHTS OF FRANCHISEE

Upon the exercise of the option granted to us herein, you shall no longer be entitled to the use or occupancy of the Franchise Location, all of your prior rights in and to the lease will have been, in all respects, terminated and, by the terms of this Agreement, assigned to us or our assignee.

5. VACATING OF FRANCHISE LOCATION

You shall immediately vacate the Franchise Location within the period permitted by the Lease; however, in the event that you shall fail or refuse to do so, we shall have the right to enter the Franchise Location and take possession of the Franchise Location.

6. INDEMNIFICATION

You hereby agree to indemnify and hold Landlord and us harmless from and against any and all loss, costs, expenses, (including attorneys' fees), damages, claims and liabilities, however caused, resulting directly or indirectly from, or pertaining to the exercise by us and/or Landlord of the rights and remedies granted under this Agreement.

7. REMEDIES CUMULATIVE

The remedies granted pursuant to this Agreement are in addition to and not in substitution of any or all other remedies available at law or in equity to us.

8. NOTICES

All notices, requests, demands, payments, consents and other communications hereunder shall be transmitted in writing and shall be deemed to have been duly given when sent by registered or certified United States mail, postage prepaid, addressed as follows:

FRANCHISOR: 2009 Oriole Drive, Elizabethtown, KY 42701

FRANCHISEE: _____

LANDLORD: _____

Any party may change its or his address by giving notice of such change of address to the other parties. Mailed notices shall be deemed communicated within three business days from the time of mailing if mailed as provided in this Paragraph 8.

9. MISCELLANEOUS

a. **Injunctive Relief.** You and Landlord recognize the unique value and secondary meanings attached to the Athletic Revolution center, our trademarks, trade names, service marks, insignia and logo designs and the Franchise Location displaying same and agree that any noncompliance with the terms of this Agreement will cause irreparable damage to us and our franchisees. You and Landlord therefore agree that in the event of any noncompliance with the terms of this Agreement, we shall be entitled to apply for both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law including an unlawful detainer action.

b. **Further Acts.** The parties agree to execute such other documents and perform such further acts as may be necessary or desirable to carry out the purposes of this Agreement.

c. **Heirs and Successors.** This Agreement shall be binding upon and inure to the benefit of the parties, and their respective heirs, successors and assigns.

d. **Entire Agreement** This Agreement represents the entire understanding between the parties and supersedes all other negotiation, agreements, representations and covenants, oral or written, except any other agreement executed by us, Landlord and you and any other agreement between us and you. This Agreement may not be modified except by a written instrument signed by all parties. The parties intend this Agreement to be the entire integration of all of their agreements of any nature. No other agreements, representation, promises, commitments or the like, of any nature, exist between the parties, except as set forth or otherwise referenced herein.

e. **Waiver.** Failure by any party to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

f. **Headings.** The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders; the singular shall include the plural; and the plural shall include the singular.

g. **Execution by Franchisor.** This Agreement shall not be binding on us unless and until it shall have been accepted and signed by our authorized officer.

h. **Attorneys' Fees.** If any party commences an action against any other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

10. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky. Any provision of this Agreement that may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition of unenforceability without invalidating the remaining provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement at on the date first shown above.

LANDLORD:

FRANCHISEE:

By: _____
(Signature)

By: _____
(Signature)

(Printed Name and Title)

(Printed Name and Title)

FRANCHISOR:

Athletic Revolution International, LLC

By: _____
(Signature)

(Printer Name and Title)

EXHIBIT 3 - NAMES & ADDRESSES OF EQUITY OWNERS. DIRECTORS & OFFICERS

1. If the prospective franchisee is a sole proprietorship, list below the name and the residence address of the sole owner

2. If the prospective franchisee is a partnership, list below the names, residential addresses and respective percentage ownership interests in the partnership of each partner (and whether any partner is a managing partner) and submit a copy of the partnership agreement, if any, to FRANCHISOR (if more space is required, attach additional sheets hereto):

a. _____

% _____

b. _____

_____ %

c. _____

% _____

d. _____

_____ %

FRANCHISEE INITIAL HERE ()
()

3. If the prospective franchisee is a corporation or limited liability company ("LLC"), list below the names, residential addresses and percentage ownership of each shareholder of the corporation or member of the LLC (more space is required, attach additional sheet hereto):

a. _____ b. _____

c. _____ d. _____

4. If the prospective franchisee is a corporation or LLC, list below the names and residential addresses of each director of the corporation or manager of the LLC, if not previously provided herein (if more space is required, attach additional sheets hereto):

a. _____ b. _____

c. _____ d. _____

FRANCHISEE INITIAL HERE ()
()

5. If the prospective franchisee is a corporation or LLC with officers, list below the names, residential addresses and respective offices of each applicable officer listed below, if not previously provided herein (list other officers on additional sheets attached hereto):

a. President:

b. Secretary:

c. Vice President:

d. Treasurer:

FRANCHISEE INITIAL HERE ()

Exhibit 4 - Personal Guarantee of Franchisee's Obligations

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "**Agreement**") by Athletic Revolution International, LLC:

- (1) Each of the undersigned ("**Guarantors**") hereby personally and unconditionally:
 - a. Guarantees to Athletic Revolution and its affiliates and their successors and assigns for the term of the Agreement and thereafter as provided in the agreement, that _____ ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and
 - b. Agrees personally to be bound by and personally liable for the breach of each and every provision in the Agreement.
- (2) Each of the undersigned waives all of the following:
 - a. Acceptance and notice of acceptance by Athletic Revolution International, LLC and its affiliates of the foregoing undertakings.
 - b. Notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed.
 - c. Protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed.
 - d. Any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability.
 - e. Any and all other notices and legal or equitable defenses to which he may be entitled.
- (3) Each of the undersigned consents and agrees to all of the following:
 - a. His or her direct and immediate liability under this guaranty shall be joint and several.
 - b. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so.
 - c. This liability shall not be contingent or conditioned upon pursuit by Athletic Revolution or its affiliates of any remedies against Franchisee or any other person.
 - d. This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Athletic Revolution International, LLC or its affiliates may from time to time grant to

Franchisee or to any other person; including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

- e. He or she will be bound by the covenant not to compete and other restrictive covenants, the confidentiality provisions, the audit provisions, and the indemnification provisions contained in the Agreement.

(4) The arbitration, injunctive relief, governing law and jurisdiction provisions contained in the Agreement will govern this Guarantee, and those provisions are incorporated into this Guarantee by this reference.

**PERCENTAGE OF OWNERSHIP
INTEREST IN FRANCHISE**

GUARANTOR(S)

DATE OF AGREEMENT: _____

EXHIBIT 5 - DE- IDENTIFICATION CHECKLIST

CONFIDENTIAL

1. Date: _____
2. Franchise Agreement Date: _____
3. Franchisees names: _____
4. Master Developers name: _____
5. Address of location: _____
6. Escrow Instructions: _____
7. First right of refusal
8. Reason for de-Identification: _____
9. Lease assignment designate new tenant, inventory and submit to Franchisor for consent
10. Date of proposed closing: _____
11. De-Identification Inspection (to occur within 30 days of closing)
12. Profit & Loss statements from club opening to present.
13. Physical inventories from club opening to present.
14. Audit compliance
15. Royalties and marketing current and paid in full to Franchisor
16. Owners names and addresses which will be assuming the location:

17. New owners name of business which will be assuming the location.

- 18.** Operations Manuals discontinue using, inventory, and return to Franchisor.
- 19.** Marketing materials since club inception discontinue using, inventory and return to Franchisor.
- 20.** Telephone numbers, websites, email addresses which reference the Franchisor location, discontinue using, and assign to Franchisor.
- 21.** Exterior and interior signage, graphics, logos, door signs, window displays, hour signs, directional signage, and any other graphics remove, destroy, and provide photographs to Franchisor.
- 23.** In club graphic materials remove, destroy, and provide photographs to Franchisor.
- 24.** Employee handbook and all employee related printed materials returned to Franchisor.
- 25.** Trade marks, trade names, copyright Information, and phrases discontinue using all information.

Note: All items that are specified to be inventoried and returned to Franchisor must be sent via FedEx overnight with verified tracking number. All items specified to be destroyed must be photographed afterwards indicating the process has been followed.

Exhibit 6 - Confidentiality/Non Competition Agreement

This Nondisclosure and Noncompetition Agreement ("Agreement") is made and entered into effective the ___ day of _____, 20___, by and between **Athletic Revolution International, LLC ("Company")**, located at 2009 Oriole Drive, Elizabethtown, KY 42701 and _____ ("Associate"), who resides at _____.

RECITALS

A. The Company is engaged in the business of operating, and selling franchises for the operation of, Athletic Revolution International, LLC that offer youth wellness and athletic development programs.

B. The Company has developed distinctive methods for establishing, operating and promoting their business and related licensed methods of doing business (the "**Licensed Methods**") which utilize certain confidential information, plans, methods, data, processes, marketing systems, techniques, operating procedures, advertising methods, trademarks, proprietary marks and information and know-how of the Company ("**Confidential Information**"); which Confidential Information may be further developed from time to time by the Company.

C. The Company and its franchisees have established substantial goodwill and an excellent reputation with respect to the quality of services available, which goodwill and reputation have been and will continue to be of major benefit to the Company.

D. Associate is or will become involved with an Athletic Revolution International, LLC, Business in the capacity of an officer, director, limited liability manager or member, partner, shareholder, employee, representative, or as an immediate family member of a franchisee, and will or may have access to certain Confidential Information.

E. Associate and the Company have reached an understanding with regard to nondisclosure by Associate of Confidential Information and with respect to noncompetition by Associate with the Company.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Company, intending legally to be bound, agree as follows:

AGREEMENT

1. **Confidential Information.** Associate acknowledges that much of the operations, marketing, advertising and related information and materials, and procedures that are developed and utilized in connection with the operation of a Athletic Revolution International, LLC Businesses, are the Company's Confidential Information. The Confidential Information is unique, exclusive property and a trade secret of the Company. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Company. Associate further acknowledges that the Company has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Company has taken numerous precautions to guard the secrecy of the Confidential Information, and that it would be very costly for competitors to acquire or duplicate the Confidential Information.

2. Operations Manuals as Trade Secret. Associate understands that Confidential Information constitutes trade secrets of the Company. Confidential Information is deemed to include, without limitation, any and all information contained in the Company Operations Manuals, which may be provided as one or more separate manuals, or written instructional guides, as they are changed or supplemented from time to time, customer lists, the Licensed Methods and any information of whatever nature which gives the Company an opportunity to obtain an advantage over its competitors that do not have access to, know, or use, the confidential written materials or information.

3. Nondisclosure of Confidential Information. Associate shall not at any time (1) publish, disclose, divulge or in any manner communicate, any of the Confidential Information to any person, firm, corporation, association, partnership or any other entity whatsoever; or (2) use, directly or indirectly, the Confidential Information for his or her own benefit, or for the benefit of any person, firm, corporation or other entity; other than to or for the use of the Company or the Company's franchise Business with which Associate is associated.

4. Noncompetition Covenant.

a. Associate covenants and agrees that (i) during the term of his or her association with the Company, a franchise of the Company or and affiliate entity, and (ii) for a period of eighteen (18) months after the end of his or her association with a any of those entities, neither Associate nor any member of his or her immediate family, within a twenty-five (25) mile radius of the Licensed Location (as defined in the Company's Franchise Agreement) or any other Company franchise location shall:

1. have any direct or indirect interest as a disclosed or beneficial owner in a "Competitive Business," (defined below);

2. perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a "Competitive Business"; or

3. divert or attempt to divert any business related to, or any customer or account of, any Company's or its franchisees or affiliates' (if any) businesses by direct inducement or otherwise, or divert or attempt to divert the employment of any employee of any of the Company's, its franchisees or its or affiliates' (if any) businesses to any "Competitive Business" by any direct inducement or otherwise.

b. The term "Competitive Business" as used in this Agreement means any business operating, or granting franchises or licenses to others to operate a business that offers youth wellness and athletic development. Notwithstanding the foregoing, nothing in this Agreement shall prohibit Associate from owning securities in a Competitive Business if the securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding.

c. Associate expressly acknowledges that he or she possesses skills and abilities of a general nature and has other opportunities for exploiting those skills. Consequently, enforcement of the covenants in this paragraph will not deprive Associate of his or her ability to earn a living.

d. If a court of competent jurisdiction determines that restrictions in the preceding

paragraph are excessive in time, geographic scope, or otherwise, the court may reduce the restriction to the level that provides the maximum restriction allowed by law.

5. **Injunction.** Associate acknowledges and agrees that in the event of any breach or threatened breach of this Agreement by Associate, the Company shall be authorized and entitled to obtain, from any court of competent jurisdiction, preliminary and permanent injunctive relief, as well as an equitable accounting of all profits or benefits arising out of any such violation, which rights and remedies shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled.

6. **Effect of Waiver.** The waiver by Associate or the Company of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

7. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Associate and the Company and their respective heirs, executors, representatives, successors and assigns.

8. **Entire Agreement.** This instrument contains the entire agreement of Associate and the Company relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

9. **Governing Law.** This instrument shall be governed by and construed under the laws of the State of Kentucky.

10. **Jurisdiction and Venue.** In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of Kentucky, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts located in Hardin County, Kentucky. Both parties waive any objection to the jurisdiction of these courts or to venue in Hardin County, Kentucky. Notwithstanding the foregoing, in the event that the laws of the state where the Associate resides prohibit the aforesaid designation of jurisdiction and venue, then the other state's laws shall control.

11. **Severability.** If any provision of this Agreement is held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason by any court of competent jurisdiction, government authority or otherwise, that holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement which shall otherwise remain in full force and effect.

12. **Costs of Enforcement.** In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if the successful party recovers judgment in any such action or proceeding, the costs, expenses and attorneys' fees shall be included as part of such judgment.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

"ASSOCIATE"

By: _____

Print Name: _____

Print Name: _____

Title: _____

Business Name and Location:

Associate's Capacity with Business:

Exhibit 7 - General Release - Renewal

This General Release entered into this ___ day of _____, 20____, by and between Athletic Revolution International, LLC, (Franchisor) and _____ (Franchisee) .

Recitals

The parties entered into a franchise agreement dated _____.

Franchisee has requested Franchisor to renew the franchise. As a conditional of the renewal, the franchisor requires a general release of any claims the Franchisee has or may have relating to their business relationship.

Now therefore, in consideration of the renewal of the franchise agreement and other consideration, Franchisee agrees to remise, release, acquit, satisfy, and forever discharge the Franchisor, of and from all manner of action(s), cause(s) of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which Franchisee ever had, now has, or which any, affiliate, personal representative, successor, heir or assign of Franchisee, hereafter can, shall or may have, against said Franchisor, by reason of any matter, cause or thing whatsoever, from the beginning of time to the date of this instrument.

IN WITNESS WHEREOF, Franchisee has signed this agreement on the date indicated above.

Franchisee

By:

Print Name

State of _____)
County of _____)

The foregoing instrument was acknowledged by me this _____ day of _____, 20____ by _____ who is/are personally known by me or who has/have produced: _____ as identification and who did not take an oath.

(SEAL)

Notary Public

State of _____
My Commission Expires: _____

This instrument was prepared by: _____

Exhibit 8 - General Release - Assignment

This General Release entered into this ___ day of _____, 20____, by and between Athletic Revolution International, LLC, (Franchisor) and _____ (Franchisee) .

Recitals

The parties entered into a franchise agreement dated _____.

Franchisee has requested Franchisor to allow the assignment of its franchise agreement. As a conditional of the assignment, the franchisor requires a general release of any claims the Franchisee has or may have related to their business relationship.

Now therefore, in consideration of the permission of the Franchisor for the Franchisee to assign its Franchise agreement and other good and valuable consideration, Franchisee agrees to remise, release, acquit, satisfy, and forever discharge the Franchisor, of and from all manner of action(s), cause(s) of action, suits, debts, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which Franchisee ever had, now has, or which any, affiliate, personal representative, successor, heir or assign of Franchisee, hereafter can, shall or may have, against said Franchisor, by reason of any matter, cause or thing whatsoever, from the beginning of time to the date of this instrument.

IN WITNESS WHEREOF, Franchisee has signed this agreement on the date indicated above.

Franchisee

By:

Print Name

State of _____)

County of _____)

The foregoing instrument was acknowledged by me this _____ day of _____, 20 ____ by _____ who is/are personally known by me or who has/have produced: _____ as identification and who did not take an oath.

(SEAL)

Notary Public

State of _____

My Commission Expires: _____

This instrument was prepared by: _____

Exhibit A
Multi-State Addenda

ATHLETIC REVOLUTION INTERNATIONAL, LLC
CALIFORNIA

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF CALIFORNIA ARE HEREBY AMENDED AS FOLLOWS:

1. Section 31125 of the California Corporation Code requires the Franchisor to give you a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to solicitation of a proposed material modification of an existing franchise.
2. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
3. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A Sec 101 et seq.).
4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This may not be enforceable under California law.
5. The Franchise Agreement requires binding arbitration. This provision may not be enforceable under California law.
6. On the basis of the financial information submitted, the Department of Corporations of the State of California has determined that, in lieu of imposing the escrow condition, the franchisor may elect to defer, until the pre-opening obligations of the franchisor have been completed, the franchisee's payment of fees and payments for services or goods received from the franchisor or any affiliate before the franchisee's business opens.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
ILLINOIS**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

1. The Franchisor and Franchisee hereby acknowledge that this Agreement shall be governed by the Illinois Franchise Disclosure Act.
2. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void."
3. The conditions under which the Franchised Business may be terminated and the Franchisee's rights upon non-renewal are governed by Illinois Compiled Statutes 1992, Chapter 815, Section 705/18 through 705/20.
4. With respect to any agreement executed and operational in the State of Illinois, any governing law or choice of law clause granting authority to a state other than Illinois is hereby amended to grant authority of the Illinois Franchise Disclosure Act.
5. Jurisdiction and venue for any dispute arising out of the Franchise Agreement shall be in the State of Illinois except in the case of arbitration, which shall be conducted pursuant to Article 11.06 of the Franchise Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
INDIANA**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:

1. Any agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any franchisee to institute a civil action or initiate arbitral proceedings within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in this Agreement.
2. In compliance with Indiana Code 12-2-2.7-1(9), any provisions in this Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be limited to a geographic area not greater than the Franchise Area granted in this Franchise Agreement and shall be construed in accordance with Indiana Code 23-2-2.7-1 (9).
3. Indiana Code section 23-2-2.7-1 (10) prohibits the choice of an exclusive forum other than Indiana.
4. Indiana Code section 23-2.2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable.
5. In compliance with Indiana Code 23-2-2.7-1(10), any inference contained in this Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replace the words "may seek".
6. Indiana Code section 23-2-2.5 and 23-2-2.7 supercedes the choice of law clauses of the Franchise Agreement.
7. Indiana Code section 23-2.2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.
8. Any reference contained in this Franchise Agreement to a prospective franchisee's "exclusive Franchise Area" shall, in any Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted and replaced with the words "non-exclusive Franchise Area".
9. In compliance with Indiana Code 23-2-2.7-1(5), any requirement that the Franchisee must execute a release upon termination of this Agreement shall not be mandatory and is hereby made discretionary. However, Franchisee shall execute all other documents necessary to fully rescind all agreements between the parties under this Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
MARYLAND**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MARYLAND ARE HEREBY AMENDED AS FOLLOWS:

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached Athletic Revolution International, LLC Franchise Agreement (the "Agreement") agree as follows:

1. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Any provision in the Agreement which requires litigation to be conducted in a forum other than the State of Maryland shall not limit any rights you have under §14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

3. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Notwithstanding any other provision contained in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

5. On the basis of the financial information submitted, the Commissioner of Maryland has determined that, in lieu of imposing the escrow condition, the franchisor may elect to defer, until the pre-opening obligations of the franchisor have been completed, the franchisee's payment of fees and payments for services or goods received from the franchisor or any affiliate before the franchisee's business opens.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
MINNESOTA**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MINNESOTA ARE HEREBY AMENDED AS FOLLOWS:

1. Any reference to liquidated damages or termination penalties contained in this Franchise Agreement shall be deleted and replaced with the words "actual damages".
2. Notwithstanding anything contained In the Franchise Agreement to the contrary, the Franchisor shall protect the Franchisee's right to use the trade marks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the Franchisee has been permitted to use under the Franchise Agreement.
3. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.
4. Any reference contained in the Franchise Agreement to the effect that the Franchisor "Is entitled" to injunctive relief, or any imputation that the Franchisee can waive any rights under any law shall, in any Franchise Agreement entered into in the State of Minnesota be deleted and replaced with the words, "may seek".
5. Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Rule 2860.44000 which prohibit a franchisor from requiring a franchisee to assent to a general release as a requirement to renew or extend.

The undersigned agree and acknowledge that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
RHODE ISLAND**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF RHODE ISLAND ARE HEREBY AMENDED AS FOLLOWS:

1. Pursuant to the Rhode Island Franchise Investment Act, the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.

2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in this Franchise Agreement requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
VIRGINIA**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF VIRGINIA ARE HEREBY AMENDED AS FOLLOWS:

1. VIRGINIA (Code 13.1-557-574-13.1-564), provides rights to the franchise which may supercede the Franchise agreement. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
WASHINGTON**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act shall prevail.
4. A release or waiver of rights executed by the franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as rights to jury trial may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**ATHLETIC REVOLUTION INTERNATIONAL, LLC
WISCONSIN**

ADDENDUM TO THE FRANCHISE AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:

The Franchisor and Franchisee hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to the franchisee. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**Exhibit B
To Disclosure Document**

Financial Statements

Audited Balance Sheet

Balance Sheet

ATHLETIC REVOLUTION INTERNATIONAL, LLC

As of March 15, 2009

ATHLETIC REVOLUTION INTERNATIONAL, LLC
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March 15, 2009

Balance Sheet Report

To the Board of Managing Members and Managers

ATHLETIC REVOLUTION INTERNATIONAL, LLC
2009 ORIOLE Dr.
ELIZABETHTOWN, KY 42701

Attached is the balance sheet of ATHLETIC REVOLUTION INTERNATIONAL, LLC as of March 15, 2009. This financial statement is the responsibility of the Company's management.

This statement has been prepared in accordance with the standards generally accepted in the United States of America. The balance sheet referred to above presents fairly, in all material respects, the financial position of ATHLETIC REVOLUTION INTERNATIONAL, LLC as of March 15, 2009 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Nick Berry". The signature is written in a cursive style with a large, sweeping flourish at the end.

Nick Berry, VP of Operations

Athletic Revolution International LLC

Balance Sheet

As of March 15, 2009

	<u>Total</u>
ASSETS	
Current Assets	
Bank Accounts	
Checking - Republic	26,684.21
Total Bank Accounts	\$ 26,684.21
Total Current Assets	\$ 26,684.21
Other Assets	
Organizational Costs	76,139.88
Total Other Assets	\$ 76,139.88
TOTAL ASSETS	\$ 102,824.09
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Dicks & Nanton A/P	30,000.00
IYCA A/P	46,139.88
Total Accounts Payable	\$ 76,139.88
Total Current Liabilities	\$ 76,139.88
Total Liabilities	\$ 76,139.88
Equity	
Opening Balance Equity	100.00
Retained Earnings	
Net Income	26,584.21
Total Equity	\$ 26,684.21
TOTAL LIABILITIES AND EQUITY	\$ 102,824.09

ATHLETIC REVOLUTION INTERNATIONAL, LLC
Notes of Financial Statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Cash and Cash Equivalents:

The GAAP balance sheet indicates that the company has assets of \$102,824.09 of which the full amount of the balance of the bank account was contributed by partners and interest earned.

Cash and cash equivalents comprise cash, term deposits and other interest bearing instruments with original maturity dates of less than 90 days.

**Exhibit C
To Disclosure Document**

State Administrators

Alabama

Securities Commission
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
(800) 222-1253
(334) 242-0240 (Fax)

Alaska

Dept. of Community and Economic
Development
Div. of Banking, Securities & Corporations
150 Third Street, Room 217
(907) 465-2521
(907) 465-1230 (Fax)

Arizona

Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, AZ 85007
(602) 542-4242
(602) 594-7470 (Fax)

Arkansas

Securities Department
Heritage West Building
201 East Markham, Room 300
Little Rock, AR 72201-1692
(501) 324-9260
(501) 324-9268 (Fax)

California

Department of Corporations
1515 K Street, Suite 200
Sacramento, CA 95814
1-866-275-2677
(916) 445-7975 (Fax)

Colorado

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1560 Broadway Street, Suite 900
Denver, CO 80202
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(303) 861-2126 (Fax)

Connecticut

Department of Banking
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Hartford, CT 06103-1800
(860) 240-8230
(860) 240-8295 (Fax)

Delaware

Department of Justice
Division of Securities
Carvel State Office Building
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Wilmington, DE 19801
(302) 577-8424
(302) 577-6987 (Fax)

District of Columbia

Department of Insurance & Securities
Regulation
Securities Bureau
810 First Street, NE, Suite 622
Washington, DC 20002
(202) 727-8000
(202) 535-1199 (Fax)

Florida

Financial Services Commission
Office of Financial Regulation
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(850) 410-9748 (Fax)

Georgia

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Atlanta, GA 30334
(404) 656-3920
(404) 651-6451 (Fax)

Hawaii

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Division of Business Regulation
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Idaho

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Illinois

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(800) 628-7937

Indiana

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(317) 233-3675 (Fax)

Iowa

Insurance Division
Securities Bureau
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(515) 281-4441
(515) 281-3059 (Fax)

Kansas

Office of the Securities Commissioner
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(785) 296-3307
(785) 296-6872 (Fax)

Kentucky

Department of Financial Institutions
1025 Capital Center Drive Suite 200
Frankfort, KY 40601
(502) 573-3390
(800) 223-2579
(502) 573-8787 (Fax)

Louisiana

Securities Commission
Office of Financial Institutions
8660 United Plaza Blvd. Second Floor
Baton Rouge, LA 70809-7024
(225) 925-4512
(225) 925-4548 (Fax)

Maine

Securities Division
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(207) 624-8590 (Fax)

Maryland

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(410) 576-6532 (Fax)

Massachusetts

Securities Division
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Boston, MA 02108
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(617) 248-0177 (Fax)

Michigan

Conduct Review & Securities Division
Office of Financial & Ins. Services
Dept. of Labor & Economic Growth
611 West Ottawa St, Third Floor
Lansing, MI 48933
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(517)241-3953 (Fax)

Minnesota

Department of Commerce
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(651) 296-4328 (Fax)

Mississippi

Office of the Secretary of State Business
Regulation & Enforcement Division
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Jackson, MS 39202
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(601) 359-2663 (Fax)

Missouri

Office of the Secretary of State
600 West Main Street
Jefferson City, MO 65101
(573) 751-4136
(573) 526-3124 (Fax)

Montana

Office of the State Auditor
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(406) 444-2040
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Nebraska

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(402) 471-3445

Nevada

Secretary of State
Securities Division
555 East Washington Avenue
5th Floor, Suite 5200
Las Vegas, NV 89101
(702) 486-2440
(702) 486-2452 (Fax)

New Hampshire

Bureau of Securities Regulation
State House Annex
Suite 317A 3rd Floor
Concord, NH 03301
(603) 271-1463
(603) 271-7933 (Fax)

New Jersey

Department of Law & Public Safety
Bureau of Securities
153 Halsey Street 6th Floor
Newark, NJ 07102
(973) 504-3600
(973) 504-3601 (Fax)

New Mexico

Regulation & Licensing Department
Securities Division
2550 Cerrillos Road
Santa Fe, NM 87505
(505) 476-4580
(505) 984-0617 (Fax)

New York

Office of the Attorney General
Investor Protection & Securities Bureau
120 Broadway 23rd Floor
New York, NY 10271
(212) 416-8222

North Carolina

Secretary of State
Securities Division
Old Revenue Complex
2 S. Salisbury Street
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(919) 821-0818 (Fax)

North Dakota

Securities Commission
600 East Boulevard
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(701) 328-2910
(701) 328-2946 (Fax)

Ohio

Division of Securities
77 South High Street 22nd Floor
Columbus, OH 43215
(614) 644-7381
(614) 466-3316 (Fax)

Oklahoma

Department of Securities
1st National Center, Suite 860
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Oklahoma City, OK 73102
(405) 280-7700
(405) 280-7742 (Fax)

Oregon

Department of Consumer
& Business Services
Div. of Finance & Corp. Securities
350 Winter Street, NE
Room 410
Salem, OR 97301-3881
(503) 378-4387
(503) 947-7862 (Fax)

Pennsylvania

Securities Commission
Eastgate Office Building
1010 North 7th Street, 2nd Floor
Harrisburg, PA 17102-1410
(717) 787-8061
(717) 783-5122 (Fax)

Puerto Rico

Commission of Financial Institutions
1492 Ponce de Leon Avenue
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(787) 723-3131 ext. 2222

Rhode Island

Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903-4232
(401) 222-3048
(401) 222-5629 (Fax)

South Carolina

Office of the Attorney General
Securities Division
Rembert C. Dennis Office Building
1000 Assembly Street
Columbia, SC 29201
(803) 734-4731
(803) 734-0032 (Fax)

South Dakota

Division of Securities
445 E Capitol Avenue
Pierre, SD 57501-2000
(605) 773-4823
(605) 773-5953 (Fax)

Tennessee

Department of Commerce & Insurance
Securities Division
Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, TN 37243-0575
(615) 741-2947
(615) 532-8375 (Fax)

Texas

State Securities Board
208 East 10th Street, 5th Floor
Austin, TX 78701
(512) 305-8300
(512) 305-8310 (Fax)

U.S. Virgin Islands

Division of Banking and Insurance
18 Kongens Gade
Saint Thomas, VI 00802
(340) 774-7166

Utah

Department of Commerce
Division of Securities
160 East 300 South 2nd Floor
Salt Lake City, UT 84111
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(801) 530-6980 (Fax)

Vermont

Department of Banking, Insurance,
Securities & Health Care Administration
89 Main Street
Drawer 20
Montpelier, VT 05620-3101
(802) 828-3420
(802) 828-2896 (Fax)

Virginia

State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street 9th Floor
Richmond, VA 23219
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(804) 371-9911 (Fax)

Washington

Department of Financial Institutions
Securities Division
150 Israel Rd, SW
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(360) 902-8760
(360) 902-0524 (Fax)

West Virginia

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Securities Division
Building 1 Room W-100
Charleston, WV 25305-0230
(304) 558-2257
(877) 982-9148
(304) 558-4211 (Fax)

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue
4th Floor
Madison, WI 53703
(608) 266-1064
(608) 264-7979 (Fax)

Wyoming

Secretary of State
Securities Division
State Capitol, Room 109
200 W. 24th Street
Cheyenne, WY 82002-0020
(307) 777-7370
(307) 777-5339 (Fax)

**Exhibit D
To Disclosure Document**

Agents for Service of Process

Alabama

Securities Commission
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
(800) 222-1253
(334) 242-0240 (Fax)

Alaska

Dept. of Community and Economic
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(573) 526-3124 (Fax)

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840 Helena Avenue
Helena, MT 59601
(406) 444-2040
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Nebraska

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Lincoln, NE 68509-5006
(402) 471-3445

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Secretary of State
Securities Division
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New Hampshire

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New Jersey

Department of Law & Public Safety
Bureau of Securities
153 Halsey Street 6th Floor
Newark, NJ 07102
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(973) 504-3601 (Fax)

New Mexico

Regulation & Licensing Department
Securities Division
2550 Cerrillos Road
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Investor Protection & Securities Bureau
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North Carolina

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North Dakota

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Oklahoma

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Oregon

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& Business Services
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U.S. Virgin Islands

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Utah

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Washington

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West Virginia

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(304) 558-4211 (Fax)

Wisconsin

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Wyoming

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**Exhibit E
To Disclosure Document**

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of California**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. The following paragraph is an addenda to Item 5:

On the basis of the financial information submitted, the Department of Corporations of the State of California has determined that, in lieu of imposing the escrow condition, the franchisor may elect to defer, until the pre-opening obligations of the franchisor have been completed, the franchisee's payment of fees and payments for services or goods received from the franchisor or any affiliate before the franchisee's business opens.

2. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Hardin County, Kentucky with the costs being borne by each party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of Kentucky. This provision may not be enforceable under California law.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

Athletic Revolution International, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Illinois**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

1. The Franchisor and Franchisee hereby acknowledge that this Agreement shall be governed by the Illinois Franchise Disclosure Act.
2. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void."
3. The conditions under which the Franchised Business may be terminated and the Franchisee's rights upon non-renewal are governed by Illinois Compiled Statutes 1992, Chapter 815, Section 705/18 through 705/20.
4. With respect to any agreement executed and operational in the State of Illinois, any governing law or choice of law clause granting authority to a state other than Illinois is hereby amended to grant authority of the Illinois Franchise Disclosure Act.
5. Jurisdiction and venue for any dispute arising out of the Franchise Agreement shall be in the State of Illinois except in the case of arbitration, which shall be conducted pursuant to Article 11.06 of the Franchise Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Indiana**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:

1. Any agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any franchisee to institute a civil action or initiate arbitral proceedings within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in this Agreement.
2. In compliance with Indiana Code 12-2-2.7-1(9), any provisions in this Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be limited to a geographic area not greater than the Franchise Area granted in this Franchise Agreement and shall be construed in accordance with Indiana Code 23-2-2.7-1 (9).
3. Indiana Code section 23-2-2.7-1 (10) prohibits the choice of an exclusive forum other than Indiana.
4. Indiana Code section 23-2.2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable.
5. In compliance with Indiana Code 23-2-2.7-1(10), any inference contained in this Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replace the words "may seek".
6. Indiana Code section 23-2-2.5 and 23-2-2.7 supercedes the choice of law clauses of the Franchise Agreement.
7. Indiana Code section 23-2.2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.
8. Any reference contained in this Franchise Agreement to a prospective franchisee's "exclusive Franchise Area" shall, in any Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted and replaced with the words "non-exclusive Franchise Area".
9. In compliance with Indiana Code 23-2-2.7-1(5), any requirement that the Franchisee must execute a release upon termination of this Agreement shall not be mandatory and is hereby made discretionary. However, Franchisee shall execute all other documents necessary to fully rescind all agreements between the parties under this Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Maryland**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MARYLAND ARE HEREBY AMENDED AS FOLLOWS:

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§ 14-201 through 14-233, the parties to the attached Athletic Revolution International, LLC Franchise Agreement (the "Agreement") agree as follows:

1. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Any provision in the Agreement which requires litigation to be conducted in a forum other than the State of Maryland shall not limit any rights you have under §14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the State of Maryland.

3. Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Notwithstanding any other provision contained in the Agreement, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

5. On the basis of the financial information submitted, the Commissioner of Maryland has determined that, in lieu of imposing the escrow condition, the franchisor may elect to defer, until the pre-opening obligations of the franchisor have been completed, the franchisee's payment of fees and payments for services or goods received from the franchisor or any affiliate before the franchisee's business opens.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Minnesota**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF MINNESOTA ARE HEREBY AMENDED AS FOLLOWS:

1. Any reference to liquidated damages or termination penalties contained in this Franchise Agreement shall be deleted and replaced with the words "actual damages".
2. Notwithstanding anything contained In the Franchise Agreement to the contrary, the Franchisor shall protect the Franchisee's right to use the trade marks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the Franchisee has been permitted to use under the Franchise Agreement.
3. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.
4. Any reference contained in the Franchise Agreement to the effect that the Franchisor "Is entitled" to injunctive relief, or any imputation that the Franchisee can waive any rights under any law shall, in any Franchise Agreement entered into in the State of Minnesota be deleted and replaced with the words, "may seek".
5. Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
6. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Rule 2860.44000 which prohibit a franchisor from requiring a franchisee to assent to a general release as a requirement to renew or extend.

The undersigned agree and acknowledge that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Rhode Island**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF
RHODE ISLAND ARE HEREBY AMENDED AS FOLLOWS:**

1. Pursuant to the Rhode Island Franchise Investment Act, the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.

2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in this Franchise Agreement requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Virginia**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF VIRGINIA ARE HEREBY AMENDED AS FOLLOWS:

1. Virginia (Code 13.1-557-574-13.1-564), provides rights to the franchise which may supercede the Franchise agreement. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Washington**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:

1. The State of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act shall prevail.
4. A release or waiver of rights executed by the franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as rights to jury trial may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**State Addenda to Disclosure Document
for Certain States**

**Addendum to the Athletic Revolution International, LLC
Disclosure Document Required by the State of Wisconsin**

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:

The Franchisor and Franchisee hereby acknowledge that the Franchise Agreement shall be governed by The Wisconsin Fair Dealership Law (Wisconsin Statutes, 1979-1980, Title XIV-A, Chapter 135, Sections 135.01 through 135.07) which makes it unlawful for a franchisor to terminate, cancel or fail to renew a franchise without good cause, as well as providing other protections and rights to the franchisee. To the extent anything in the Franchise Agreement is contrary to the laws in the State of Wisconsin, said laws shall prevail.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ATHLETIC REVOLUTION INTERNATIONAL, LLC

Franchisee:

By: _____

Print Name: _____

Title: _____

Date: _____

Date: _____

**Exhibit F
To Disclosure Document**

List of Franchisees

None as of March 31, 2009

**Exhibit G
To Disclosure Document**

List of Former Franchises

None as of March 31, 2009

**Exhibit H1
To Disclosure Document**

Franchise Organizations We Have Created, Sponsored or Endorsed

None as of March 31, 2009

**Exhibit H2
To Disclosure Document**

Independent Franchisee Associations

None as of March 31, 2009

**Exhibit I
To Disclosure Document**

State Effective Dates

March 31, 2009 Offering Available in:

Alabama

Securities Commission
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984
(800) 222-1253
(334) 242-0240 (Fax)

Alaska

Dept. of Community and Economic
Development
Div. of Banking, Securities & Corporations
150 Third Street, Room 217
(907) 465-2521
(907) 465-1230 (Fax)

Arizona

Corporation Commission
Securities Division
1300 West Washington Street, Third Floor
Phoenix, AZ 85007
(602) 542-4242
(602) 594-7470 (Fax)

Arkansas

Securities Department
Heritage West Building
201 East Markham, Room 300
Little Rock, AR 72201-1692
(501) 324-9260
(501) 324-9268 (Fax)

Colorado

Division of Securities
1560 Broadway Street, Suite 900
Denver, CO 80202
(303) 894-2320
(303) 861-2126 (Fax)

Connecticut

Department of Banking
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230
(860) 240-8295 (Fax)

Delaware

Department of Justice
Division of Securities
Carvel State Office Building
820 North French Street, 5th Fl.
Wilmington, DE 19801
(302) 577-8424
(302) 577-6987 (Fax)

District of Columbia

Department of Insurance & Securities
Regulation
Securities Bureau
810 First Street, NE, Suite 622
Washington, DC 20002
(202) 727-8000
(202) 535-1199 (Fax)

Florida

Financial Services Commission
Office of Financial Regulation
200 East Gaines Street
The Fletcher Building
Tallahassee, FL 32399-0372
(850) 410-9805
(850) 410-9748 (Fax)

Georgia

Office of the Secretary of State
Division of Business Services and Regulation
Two Martin Luther King, Jr. Drive SE
802 West Tower
Atlanta, GA 30334
(404) 656-3920
(404) 651-6451 (Fax)

Idaho

Department of Finance
800 Park Boulevard Suite 200
Boise, ID 83712
(208) 332-8004
(208) 332-8099 (Fax)

Iowa

Insurance Division
Securities Bureau
340 E. Maple Street
Des Moines, IA 50319-0066
(515) 281-4441
(515) 281-3059 (Fax)

Kansas

Office of the Securities Commissioner
618 South Kansas Avenue
Topeka, KS 66603-3804
(785) 296-3307
(785) 296-6872 (Fax)

Kentucky

Department of Financial Institutions
1025 Capital Center Drive Suite 200
Frankfort, KY 40601
(502) 573-3390
(800) 223-2579
(502) 573-8787 (Fax)

Louisiana

Securities Commission
Office of Financial Institutions
8660 United Plaza Blvd. Second Floor
Baton Rouge, LA 70809-7024
(225) 925-4512
(225) 925-4548 (Fax)

Maine

Securities Division
State House Station 121
Augusta, ME 04333
(207) 624-8551
(207) 624-8590 (Fax)

Massachusetts

Securities Division
One Ashburton Place Room 1701
Boston, MA 02108
(617) 727-3548
(617) 248-0177 (Fax)

Mississippi

Office of the Secretary of State Business
Regulation & Enforcement Division
700 North Street
Jackson, MS 39202
(601) 359-6371
(601) 359-2663 (Fax)

Missouri

Office of the Secretary of State
600 West Main Street
Jefferson City, MO 65101
(573) 751-4136
(573) 526-3124 (Fax)

Montana

Office of the State Auditor
Securities Department
840 Helena Avenue
Helena, MT 59601
(406) 444-2040

Nebraska

Nebraska Department of Banking & Finance
1230 "O" Street, Suite 400
Lincoln, NE 68509-5006
(402) 471-3445

Nevada

Secretary of State
Securities Division
555 East Washington Avenue
5th Floor, Suite 5200
Las Vegas, NV 89101
(702) 486-2440
(702) 486-2452 (Fax)

New Hampshire

Bureau of Securities Regulation
State House Annex
Suite 317A 3rd Floor
Concord, NH 03301
(603) 271-1463
(603) 271-7933 (Fax)

New Jersey

Department of Law & Public Safety
Bureau of Securities
153 Halsey Street 6th Floor
Newark, NJ 07102
(973) 504-3600
(973) 504-3601 (Fax)

New Mexico

Regulation & Licensing Department
Securities Division
2550 Cerrillos Road
Santa Fe, NM 87505
(505) 476-4580
(505) 984-0617 (Fax)

North Carolina

Secretary of State
Securities Division
Old Revenue Complex
2 S. Salisbury Street
Raleigh, NC 27601
(919) 733-3924
(919) 821-0818 (Fax)

Ohio

Division of Securities
77 South High Street 22nd Floor
Columbus, OH 43215
(614) 644-7381
(614) 466-3316 (Fax)

Oklahoma

Department of Securities
1st National Center, Suite 860
120 N. Robinson
Oklahoma City, OK 73102
(405) 280-7700
(405) 280-7742 (Fax)

Pennsylvania

Securities Commission
Eastgate Office Building
1010 North 7th Street, 2nd Floor
Harrisburg, PA 17102-1410
(717) 787-8061
(717) 783-5122 (Fax)

Puerto Rico

Commission of Financial Institutions
1492 Ponce de Leon Avenue
Suite 600
San Juan, PR 00907
(787) 723-3131 ext. 2222

South Carolina

Office of the Attorney General
Securities Division
Rembert C. Dennis Office Building
1000 Assembly Street
Columbia, SC 29201
(803) 734-4731
(803) 734-0032 (Fax)

Tennessee

Department of Commerce & Insurance
Securities Division
Davy Crockett Tower, Suite 680
500 James Robertson Parkway
Nashville, TN 37243-0575
(615) 741-2947

Texas

State Securities Board
208 East 10th Street, 5th Floor
Austin, TX 78701
(512) 305-8300
(512) 305-8310 (Fax)

U.S. Virgin Islands

Division of Banking and Insurance
18 Kongens Gade
Saint Thomas, VI 00802
(340) 774-7166

Utah

Department of Commerce
Division of Securities
160 East 300 South 2nd Floor
Salt Lake City, UT 84111
(801) 530-6600
(801) 530-6980 (Fax)

Vermont

Department of Banking, Insurance,
Securities & Health Care Administration
89 Main Street
Drawer 20
Montpelier, VT 05620-3101
(802) 828-3420
(802) 828-2896 (Fax)

West Virginia

Office of the State Auditor
Securities Division
Building 1 Room W-100
Charleston, WV 25305-0230
(304) 558-2257
(877) 982-9148
(304) 558-4211 (Fax)

Wyoming

Secretary of State
Securities Division
State Capitol, Room 109
200 W. 24th Street
Cheyenne, WY 82002-0020
(307) 777-7370
(307) 777-5339 (Fax)

Offering Not Available in:

California

Department of Corporations
1515 K Street, Suite 200
Sacramento, CA 95814
(916) 445-7205
(916) 445-7975 (Fax)

Hawaii

Department of Commerce & Consumer Affairs
Division of Business Regulation
335 Merchant Street Room 203
Honolulu, HI 96813
(808) 586-2744
(808) 586-2733 (Fax)

Illinois

Office of the Secretary of State
Securities Department
69 West Washington Street Suite 1220
Chicago, IL 60602
(312) 793-3384
(800) 628-7937

Indiana

Office of the Secretary of State
Securities Division
302 West Washington Room E-111
Indianapolis, IN 46204
(317) 232-6681
(317) 233-3675 (Fax)

Maryland

Office of the Attorney General
Division of Securities
200 Saint Paul Place
Baltimore, MD 21202-2020
(410) 576-6360
(410) 576-6532 (Fax)

Michigan

Franchise Administrator
Consumer Protection Division
611 West Ottawa St, Third Floor
Lansing, MI 48933
(877)999-6442

Minnesota

Department of Commerce
85 East 7th Place Suite 500
Saint Paul, MN 55101
(651) 296-4026

New York

Office of the Attorney General
Investor Protection & Securities Bureau
120 Broadway 23rd Floor
New York, NY 10271
(212) 416-8222

North Dakota

Securities Commission
600 East Boulevard
State Capitol, 5th Floor
Bismarck, ND 58505-0510
(701) 328-2910
(701) 328-2946 (Fax)

Oregon

Department of Consumer
& Business Services
Div. of Finance & Corp. Securities
350 Winter Street, NE
Room 410
Salem, OR 97301-3881
(503) 378-4387
(503) 947-7862 (Fax)

Rhode Island

Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903-4232
(401) 222-3048
(401) 222-5629 (Fax)

South Dakota

Division of Securities
445 E Capitol Avenue
Pierre, SD 57501-2000
(605) 773-4823
(605) 773-5953 (Fax)

Virginia

State Corporation Commission
Division of Securities & Retail Franchising
1300 East Main Street 9th Floor
Richmond, VA 23219
(804) 371-9051
(804) 371-9911 (Fax)

Washington

Department of Financial Institutions
Securities Division
150 Israel Rd, SW
Tumwater, WA 98501
(360) 902-8760
(360) 902-0524 (Fax)

Wisconsin

Department of Financial Institutions
Division of Securities
345 W. Washington Avenue
4th Floor
Madison, WI 53703
(608) 266-1064
(608) 264-7979 (Fax)

**Exhibit J
To Disclosure Document**

Personal Guarantee

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "**Agreement**") by Athletic Revolution International, LLC:

- (1) Each of the undersigned ("**Guarantors**") hereby personally and unconditionally:
 - a. Guarantees to Athletic Revolution International, LLC and its affiliates and their successors and assigns for the term of the Agreement and thereafter as provided in the agreement, that _____ ("**Franchisee**") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and
 - b. Agrees personally to be bound by and personally liable for the breach of each and every provision in the Agreement.

- (2) Each of the undersigned waives all of the following:
 - a. Acceptance and notice of acceptance by Athletic Revolution International, LLC and its affiliates of the foregoing undertakings.
 - b. Notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed.
 - c. Protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed.
 - d. Any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability.
 - e. Any and all other notices and legal or equitable defenses to which he may be entitled.

- (3) Each of the undersigned consents and agrees to all of the following:
 - a. His or her direct and immediate liability under this guarantee shall be joint and several.
 - b. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so.
 - c. This liability shall not be contingent or conditioned upon pursuit by Athletic Revolution International, LLC or its affiliates of any remedies

against Franchisee or any other person.

d. This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Athletic Revolution International, LLC or its affiliates may from time to time grant to Franchisee or to any other person; including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

e. He or she will be bound by the covenant not to compete and other restrictive covenants, the confidentiality provisions, the audit provisions, and the indemnification provisions contained in the Agreement.

(4) The arbitration, injunctive relief, governing law and jurisdiction provisions contained in the Agreement will govern this Guarantee, and those provisions are incorporated into this Guarantee by this reference.

**PERCENTAGE OF OWNERSHIP
INTEREST IN FRANCHISE**

GUARANTOR(S)

DATE OF AGREEMENT: _____

**Exhibit K
To Disclosure Document**

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Athletic Revolution International, LLC offers you a franchise, it must provide this disclosure document to you 14 days (For Maryland and Oregon residents, the disclosure document is provided at the earlier of the first personal meeting or 10 business days) before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale or grant.

If Athletic Revolution International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

_____ of _____ acts as our franchise broker. Their address is _____
_____ and telephone number is _____.

Date of Issuance: _____

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated _____ that included the following Exhibits:

- A Franchise Agreement and Related Materials
State Addenda to Franchise Agreement
Exhibits to Franchise Agreement:
 - Exhibit 1 - Franchised Territory
 - Exhibit 2 - Lease Assignment Agreement
 - Exhibit 3 - Names & Addresses of Equity Owners, Directors & Officers
 - Exhibit 4 - Personal Guarantee
 - Exhibit 5 - De-Identification Checklist
 - Exhibit 6 - Confidentiality/Non Competition Agreement
 - Exhibit 7 - General Release – Renewal
 - Exhibit 8 - General Release – Assignment
- B Financial Statements
- C State Administrators
- D Agents for Service of Process
- E State Addenda to Disclosure Document
- F List of Franchisees
- G List of Former Franchisees
- H1 Franchisee Organizations We Have Created, Sponsored or Endorsed
- H2 Independent Franchisee Associations
- I State Effective Dates
- J Personal Guarantee
- K Receipt

Dated: _____ PROSPECTIVE FRANCHISEE:

If a business entity: _____ If an individual: _____

(Name of Business Entity)

By: _____
(Print Name)

Its: _____
(Title)

(Signature)

(Print Name)

**Exhibit K
To Disclosure Document**

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Athletic Revolution International, LLC offers you a franchise, it must provide this disclosure document to you 14 days (For Maryland and Oregon residents, the disclosure document is provided at the earlier of the first personal meeting or 10 business days) before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale or grant.

If Athletic Revolution International, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

_____ of _____ acts as our franchise broker. Their address is _____
_____ and telephone number is _____.

Date of Issuance: _____

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated _____ that included the following Exhibits:

- A Franchise Agreement and Related Materials
State Addenda to Franchise Agreement
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 - Exhibit 3 - Names & Addresses of Equity Owners, Directors & Officers
 - Exhibit 4 - Personal Guarantee
 - Exhibit 5 - De-Identification Checklist
 - Exhibit 6 - Confidentiality/Non Competition Agreement
 - Exhibit 7 - General Release – Renewal
 - Exhibit 8 - General Release – Assignment
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- C State Administrators
- D Agents for Service of Process
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- F List of Franchisees
- G List of Former Franchisees
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- H2 Independent Franchisee Associations
- I State Effective Dates
- J Personal Guarantee
- K Receipt

Dated: _____ PROSPECTIVE FRANCHISEE:

If a business entity: _____ If an individual: _____

(Name of Business Entity)

By: _____
(Print Name)

Its: _____
(Title)

(Signature)

(Print Name)